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Report Discusses AFTA's Goal for Year 2000

BK0409063595 Bangkok BANGKOK POST in English 4 Sep 95 pp 19, 28

[Report by Somphon Thaphanachai, Wichit Chaitrong, and Peter Mytri Engphakorn]

[FBIS Transcribed Text] "Because we now realise we can do it." That is how Dato' Seri Rafidah Aziz, Malaysia's international trade and industry minister, explained how economic ministers managed to conclude last year that ASEAN free trade could be achieved in 10 years instead of the original schedule of 15.

ASEAN's economic ministers will be hard-pressed to give the same response this year to the proposal to cut another three years off the programme. This time, if the idea is rejected, it cannot be seen as a failure of ASEAN's resolve to implement free trade, however.

The idea of free trade by 2000 is a simple slogan. But there are other, more significant indicators of ASEAN's attitude on the agenda this week, when the group's economic ministers hold their annual meeting in Brunei.

More important are proposals to expand the ASEAN Free Trade Area (AFTA) to cover agriculture, services and intellectual property and to increase cooperation in areas such as standardising customs classifications and procedures. Also to be discussed is a redefinition of"free trade" to conform with the meaning most people would immediately assume zero tariffs instead of the present target of 0-5%.

Other ideas include narrowing the gap between members' customs tariff rates ("harmonisation" rather than a "customs union"), allowing factors of production such as capital and labour to move more freely in ASEAN new investment schemes, cooperation in specific sectors such as telecommunications. Some are even talking about a "borderless ASEAN", a concept, if taken literally, that is unlikely to be realised soon.

The 2000 target date for free trade instead of the present completion date of 2003 was formally put on the agenda in July when the Sultan of Brunei addressed ASEAN's foreign ministers.

Officials had been discussing it some months before that, however, but not necessarily out of free trade fervour. For some, a prime objective was to search for something dramatic to announce at the ASEAN summit meeting in Bangkok in December.

For countries such as Brunei and Singapore, tariffs are already so low that they could almost achieve AFTA commitments tomorrow. For the rest, some sectors face serious adjustments. And the deadline for liberalisation in some sectors is only just over two years away.

The revised schedule that ministers agreed on when they met a year ago in Chaing Mai was, for the "normal track":

— If the starting tariff rates are above 20%, these will have to fall to 20% under AFTA by January 1, 1998 and to 0%-5% by January 1, 2003.

— If the starting tariff rates are at or below 20%, the target for achieving 0%-5% is January 1, 2000.

For products on the "fast track":

— Tariffs starting above 20% should reach 0%-5% by January 1, 2000.

— Tariffs starting at or below 20% should reach 0%-5% by January 1, 1998.

The ministers also agreed that customs classification and procedures should be standardised by the end of this year.

Officially, Thailand's position is not to push for the 2000 deadline. But severe doubts exist.

At a recent seminar, speakers representing the government, opposition, and bureaucracy all expressed concern both about how the fast track tariffs cut would be handled under a revised schedule, and about the unsettling effect on business of frequent changes of plan.

The panelists were: Dr Narongchai Akkharasani, a close adviser to Deputy Prime Minister Amnuai Wirawan; Dr Amnuai's predecessor, Dr Suphachai Phanitchaphak; and Commerce Deputy Permanent Secretary Karun Kittisataphon.

The latest comment from a Finance Ministry source is that Thailand will be willing to discuss a 2000 deadline if Brunei decides to raise the issue. Thailand can achieve 0% for 80% of its imports with another 20% achieving 0-5% by 2000, the source said

The most contentious issue this week is likely to be agriculture. Originally Thailand was proposing a lengthy list of 51 "sensitive items" that it would exclude from the free trade programme. This was described as an attempt to put pressure on other ASEAN members to reduce their exclusion lists.

But some officials worried that the Thai list would actually encourage the rest of ASEAN to believe that Thailand was not committed to liberalisation in agriculture.

Now only seven products are on the Thai list: three categories of coffee and one each of fresh potatoes, frozen potatoes, cut flowers, and dried coconut. Thai officials say they are willing to remove even these, if other ASEAN countries respond by bringing more agricultural products into AFTA.

The fact is Thailand is the strongest exporter of most agricultural products in ASEAN. Malaysia, Indonesia and the Philippines all want to protect their farmers and their rural communities, and they all have lengthy exclusion lists.

According to the categorisation used, 2,528 product categories are treated as non-processed agricultural goods for AFTA purposes. Some 21% of these are currently proposed for temporary exclusion lists, and 11% on sensitive lists. Thailand hopes these will be reduced this week.

When the last official count was made when ministers met in Phuket in April, Brunei had 56 sensitive items including tea, coffee and alcoholic drinks. The Philippines had 46 products including rice, sugar, poultry meat, pork, and fruit.

Indonesia had 27, including rice and peanuts. Singapore had none.

So in agriculture alone, the prospect of a borderless ASEAN is a long way away. Lifting labour restrictions and immigration controls would appear to be even more remote.

Under former Finance Minister Tharin Nimmanhemin, Thailand was pushing strongly for rice to be liberalised under AFTA. Under the present minister, Dr Surakiat Sathianthai, tariff liberalisation is no longer seen as the main issue, since actual tariff rates are low. The problem for Thai rice exports is non-tariff barriers such as import controls or the use of monopoly state trading companies to buy the rice.

Last year, Thailand exported 1.24 million tons of rice to other ASEAN countries, earning 4.32 billion baht. The Thai share of imports has been 100% in Brunei for the past three years, 77% in Indonesia last year, and 50% in Malaysia. The Philippines did not import last year.

Preparatory talks on services showed some promise. Officials speak of a three-year negotiating period and a further period when any committed liberalisation is actually phased in.

Discussions on cooperating on intellectual property rights appears to be progressing more slowly, however. A proposal for central ASEAN registration of trade marks and patents is being discussed, but with little in concrete terms so far.

Later in the week, the ASEAN ministers are scheduled to meet counterparts from Japan, Australia and New Zealand. Among the topics likely to be discussed are proposals for trade liberalisation in the Asia-Pacific Economic Cooperation group (APEC) whose ministers and heads of government are due to meet in Osaka in November, and possible closer ties between ASEAN and the Australia-New Zealand free trade area.

Some analysts believe that this week is unlikely to see any dramatic developments, however, because the focus is on the December summit. But analysts and ASEAN diplomats say that the summit will focus on economics because there is little likelihood of a dramatic statement on politics or security. And that means the pressure is mounting on the economic ministers to show results.

ASEAN Officials Urge Farm Product Solution

BK0609035695 Bangkok THE NATION in English 6 Sep 95 p A5

[Report by Surachai Chuphaka and Wichit Chaitrong]

[FBIS Transcribed Text] Bandar Seri Begawan — Only a demonstration of political will by Asean ministers can break the deadlock in negotiations over the inclusion of unprocessed farm products on the Asean Free Trade Area's [Afta] tariff cuts regime, a senior Thai official said yesterday.

Having failed to agree on whether farm products should have to comply with the Afta timeframe for tariff cuts, Asean economic officials agreed to leave the resolution of the issue to their ministers, who will meet today at the Afta Council forum, said the official, who asked not be named.

Asean senior officials failed to agree after two days of intensive talks.

Apart from domestic political pressure, the Asean officials found their target even more difficult to achieve after they received a letter from Indonesian trade minister, asking to place 14 food items on a temporary exclusion list.

The minister asked that the items, including tapioca, rice, flour and sugar be placed on a sensitive list, which is not subject to a tax reduction plan.

Earlier, Indonesia proposed that rice, soyabean, garlic and breeding chicken be placed on the sensitive list of unprocessed farm products.

Director-general of the Business Economics Department, Kroekkrai Chiraphaet, said after the meeting that he was very concerned with the Indonesian request because it could delay the implementation of the Afta tax reduction scheme and encourage other countries to pull out more products from the basket of goods to be subject to tariff cuts within a specific timeframe.

If Indonesia insists on withdrawing the products, Thailand may pull out some of its own items to protect its domestic interests, he warned.

He noted that other countries, such as Malaysia and the Philippines, have also expressed their discomfort with the plan to open the unprocessed farm products market.

"I understand because it is a sensitive issue and it will affect farmers' way of life," he noted.

Thailand, as the strongest farm producer in Asean, has been pushing hard for an open market in this sector, but it is also afraid of market liberalization. It fears that some sensitive farm products might be adversely affected by the Afta programme, he said.

According to Kroekkrai, Thailand is afraid that farm products from Vietnam, and potential members of Asean such as Laos, could flood the Thai market.

"But we think that competition in the farm sector will bring more benefits to the country which liberalizes its market," he said.

Kroekkrai said the senior officials will submit the outcome of their meeting to the Afta Council today.

But a senior Asean official source said he had anticipated such an Indonesian request. "What I am surprised about is why Indonesia did not pull out such items at an earlier date," he said.

He said when Afta had only two lists — inclusion and temporary exclusion — Indonesia decided to place the 14 items in the second category. But when Asean forced its members to phase all items on the temporary exclusion list onto the inclusion list by January 1996, Indonesia decided to pull out its sensitive items at the last minute.

Asean countries submitted a total of 3,322 items on to the temporary exclusion list in December 1993.

The agreement on unprocessed farm products does not safeguard domestic industries which would be affected by imports. That contradicts the rules established by the World Trade Organization which introduced measures, such as anti-dumping, to prevent exporters dumping cheap products on overseas markets, said the source.

However, Kroekkrai said trade liberalization under Afta was different from the WTO's attempts to achieve an open market, whereby members have to trade off benefits.

"Afta's open market operates on a voluntary basis and Asean is like one family," Kroekkrai said.

He noted there was never any talk about the introduction of safeguard measures during discussions on farm products. Asean had only talked about the special arrangement of a sensitive list of unprocessed products.

A source said Thailand has refused to accept year 2000 as the target year that tariffs should be eliminated. Thailand believes that by the year 2000 tariffs should have been cut to five per cent. (endall) 6 Sep cr/ng/aa NG500609.014 06/0355z Sep 719 WC BT #0446 NNNN

ASEAN Talks on Trade in Services Scheduled

BK0609073895 Bangkok BANGKOK POST in English 6 Sep 95 p 6

[FBIS Transcribed Text] Asean economic ministers have scheduled their first round of negotiations on trade in services for early next year.

A working group will submit a framework agreement to the ministers for discussion tomorrow.

It will include a list of sectors that could be opened to competition such as shipping, financial services, telecommunications, tourism and business news services, according to group chairman Edsel Custudio, permanent secretary of the Philippines' Department of Trade and Industry.

Economic ministers last April agreed the framework should cover deeper obligations than those specified by the General Agreement on Trade in Services (GATS) to achieve a free trade area.

The GATS is the global agreement with legally-enforceable rules on trade in services.

Kroekkrai Chiraphaet, leader of Thai senior officials at the Brunei meeting, said ASEAN ministers would have to specify which areas are to be liberalised and dates for negotiations.

SRV Vice Minister at Economic Ministers Meeting

BK0709071995 Bangkok BANGKOK POST in English 7 Sep 95 p 6

[Report by Atchara Atsayakachat, Wichit Sirithawiphon and Somphon Thapanachai from Bandar Seri Begawan]

[FBIS Transcribed Text] Vietnam has expressed the political will to submit this month a rough indication of which products will have import tariffs cut at the same time as other ASEAN members, from Jan 1, 1996.

Vietnamese Vice Minister of Trade Mai Van Dau broke deadlock of Vietnam in joining the Common Effective Preferential Tariff (CEPT) scheme with the nod from Hanoi to promise ASEAN that Vietnam could do that.

It was the first time for the latest member of the Association of Southeast Asian Nations to participate in the economic ministers' meeting, one month after the admission of Vietnam into ASEAN.

"As a new member of ASEAN, we will learn from those countries and will do according to ASEAN regulations," said Mr Dau.

"Vietnam also agreed on a reciprocal basis, to grant most-favoured nation trading status (equal treatment with other countries enjoying trade privileges) and national treatment to ASEAN."

In fact, Vietnam was required to submit tentative lists of products to be exchanged with other ASEAN members. But it could not do that due to its internal legal procedures and time limitations.

Therefore there were fears among some senior officials the delay in submitting the lists may slow down Vietnam's participation in the CEPT scheme.

However, after Vice Minister of Trade consulted with the Minister of Trade Le Van Triet in Hanoi, he was given a mandate to assure ASEAN that Vietnam would prepare a list of products by September with tariff below 20 per cent starting Jan 1, 1996.

"That will be for only the first year of implementation. For temporary exclusion list we will start reducing tariffs in 1999 and ending in 2003 whereas agricultural products will be phased into the inclusion list from Jan 1, 2000 and end in 2006," said Mr Dau.

Those initial packages will be submitted by November 1995 together with the schedule and action plan for eliminating technical measures as non-tariff barriers affecting intra-ASEAN trade.

ASEAN members tend to sympathise Vietnam for her liberalisation commitments under the CEPT scheme.

AFTA Fails To Agree on Free Trade Timetable

BK0709091895 Bangkok BANGKOK POST in English 7 Sep 95 p 6

[Report by Wichit Sirithawiphon, Somphon Thapanachai, Atchara Atchayakachat, and Peter Mitri Ungphakon]

[FBIS Transcribed Text] ASEAN failed yesterday to agree on a new schedule that would create free trade among the seven countries by 2000 instead of the present deadline of 2003.

But meeting as the ASEAN Free Trade Area (AFTA) Council, economic ministers did agree to continue negotiating freer trade in agricultural products, in a way that allowed both protectionists and free traders to declare the meeting a success.

While ministers were pessimistic about free trade by 2000, they did agree to reconsider their countries' plans so that the original target of 0 percent-5 percent tariffs could be brought forward to 2000 for as many products as possible.

At the same time, they agreed to achieve zero tariffs for as many products as possible by 2003.

Ministers from Thailand, Malaysia, the Philippines and Indonesia said they would consult their private sectors to see which products could adjust to faster tariff cuts.

Datuk Sri Rafidah Aziz, Malaysia's international trade and industry minister, said that in her country's case this would involve discussions about more than 1,000 products, and therefore some time would be needed before a conclusion could be reached.

Surakiat Sathianthai, representing Thailand and the only finance minister in the AFTA Council, said he thought achieving free trade by 2000 would be "difficult".

But he did indicate that the Government is in favour of aiming for zero tariffs instead of the 0 percent-5 percent target.

Dr Surakiat said Thailand had pressed for complete elimination of tariffs ever since the AFTA agreements were negotiated by the Anan Panyarachun governments.

This is still the Government's policy, he said, but negotiations with the private sector would be needed.

Earlier, Deputy Prime Minister Amnuai Wirawan also expressed Thailand's reservations about the proposed 2000 deadline.

He said the decision to cut the AFTA deadline from the original 2008 to 2003 was only made a year ago. It still awaits official endorsement from ASEAN's leaders at the Bangkok summit this December when the leaders have to amend the original free trade documents.

He added that ASEAN normally proceeds in stages, indicating difficulty in agreeing on yet another deadline when the existing one has not been endorsed officially.

Dr Amnuai did not attend yesterday's AFTA Council meeting, but as head of the Thai delegation, he will attend the ASEAN economic ministers' meeting-proper today and tomorrow.

Singapore, which along with Brunei had been pressing for the 2000 deadline, expressed satisfaction with the decision.

Trade and Industry Minister Yeo Cheow Tong said that in any case more than 80 percent of products traded within ASEAN would be charged tariffs within the 0 percent-5 percent target by 2000.

On agricultural products, the council did agree that all should be included in the free trade programme.

The products that Indonesia, Malaysia, the Philippines and Thailand had declared "sensitive" and therefore completely outside free trade will now all have to undergo some liberalisation when traded within ASEAN.

Dr Surakiat called this a "success". Thailand has been urging ASEAN not to exclude any agricultural products permanently from free trade and was willing to drop the seven products on the Thai "sensitive" list if other countries did the same.

But details of how liberalisation in these sensitive sectors is to be achieved remain to be negotiated.

Indonesian Trade Minister S. B. Yudono indicated that his country would continue to resist opening its markets to large quantities of rice and other products.

"Rice will always be on our sensitive list," he said.

An official statement only says that ASEAN will devise "a special arrangement which will involve commitments that are better than ASEAN countries' commitments in the World Trade Organisation" [WTO].

For many products, the ASEAN members' commitments under the WTO are to allow small volumes in at comparatively low tariffs, with any quantities exceeding the limits charged prohibitively high tariffs.

Officials said yesterday's decision could simply mean an additional opening for imports from other ASEAN countries.

But an adviser to Dr Surakiat insisted that the final outcome would have to be market opening of a significant size.

The ministers approved a recommendation that ASEAN start negotiating regional liberalisation in service sectors such as banking, telecommunications and professional businesses.

This is almost certain to be endorsed by the full ASEAN economic ministers' meeting today or tomorrow.

It would mark a further expansion of the free trade area, but officials do not envisage a complete agreement for a year or two, and certainly not before the December summit.

Thai officials and ministers believe that several of the country's service sectors are strong enough to expand into other ASEAN countries.

One source pointed out that branches of Thai banks are already competitive in the region, whereas ASEAN banks in Thailand are only operating representative offices or the foreign currency international banking facilities.

Dr Surakiat argued that Thai architects want greater freedom to practise their profession in countries such as Malaysia.

The ministers also agreed to tackle non-tariff barriers such as technical standards and customs surcharges.

They agreed to work more speedily towards common methods for customs officials to determine the value of imported products.

And they agreed to set up a means of settling disputes under AFTA.

Datuk Sri Rafidah said ASEAN envisaged the dispute settlement "mechanism " would concentrate on mediating, settling technical questions, and interpreting the AFTA agreements.

It would not act like a court, endorsing punishments such as trade sanctions in the manner of other international dispute settlement procedures.

AFTA Council on Intra-ASEAN Trade Growth

BK0709051495 Bangkok BANGKOK POST in English 7 Sep 95 p 6

[FBIS Transcribed Text] In their official statement, the ministers in the ASEAN Free Trade Area [AFTA] Council observed that trade between the group's six original members grew by nearly 41 percent last year.

Trade in products eligible for reduced tariffs under the programme grew even faster, by 44 percent.

Growth "was most pronounced for electrical appliances and machinery, which grew by nearly 64 percent and now comprises nearly 60 percent of all intra-regional trade".

Other fast growing sectors included base metals and articles of base metals, plastics and chemicals.

Singapore has the biggest market share with a little over half of trade among ASEAN members. Malaysia is second with 23 percent and Thailand is third with 14 percent.

The ministers included figures that an ASEAN secretariat official admitted later were incorrect. It put total trade among ASEAN members at $111.1 billion last year, with $92.6 billion under the free trade area programme.

But these figures were double the true figure because they were calculated by adding member countries' imports and exports.

The official said the correct calculation should have added either imports or exports but not both.

The figures show large discrepancies between total imports and total exports within ASEAN, suggesting that a significant amount of trade within the region is smuggled.

Some economists believe that one of the effects of free trade will be to reduce the attraction of smuggling.

ASEAN Leaders Announce Restructuring Plans

BK0409045295 Bangkok THE NATION in English 4 Sep 95 pp 1A, 3A

[Report by Wichit Chaitrong and Surachai Chuphaka]

[FBIS Transcribed Text] Bandar Seri Begawan — ASEAN leaders announced plans to restructure the association when they meet for their fifth summit in December in Bangkok, an ASEAN economic official said this week.

The restructuring will cover three key issues: the decision-making mechanism, consultation between the ASEAN foreign and economic ministers and the summit agenda itself.

ASEAN economic officials recently met in Brunei to prepare for the annual ASEAN Economic Ministerial Meeting, scheduled to take place this week.

At the meeting, they are expected to discuss how to expand ASEAN economic cooperation within the ASEAN Free Trade Area [AFTA], which covers manufactured goods, to include other areas such as agricultural produce and the service industry.

The source said ASEAN members feel the need to restructure the organization largely because they want to strengthen economic cooperation to keep pace with the changing structure of the world's economy.

With Vietnam recently becoming the latest member of ASEAN, and Laos, Cambodia, and Burma likely to join within the next few years, ASEAN officials have to work out a plan to hasten economic cooperation among the original six members and work out a time scale for the newcomers to adjust to the standard of regional cooperation.

In the new restructuring plan, ASEAN officials will propose that the respective countries' leaders hold a summit every year, instead of every three years, to tighten cooperation, the source said.

The source cited the leaders' meeting on Asia Pacific Economic Cooperation (APEC), which successfully prompted members to demonstrate the progress of trade liberalization, for example by organizing summits every year.

ASEAN officials believe leaders should follow suit, he said.

The schedule for the summit could also be set to alternate between formal and informal meetings to allow leaders to feel free to raise points concerning cooperation, the source said.

Another important restructuring involves more frequent meetings among ASEAN economic and foreign ministers. Because the global community has placed more emphasis on the economic agenda, ASEAN should have a forum to allow foreign ministers more time to exchange views or meet ministers from other regions to discuss ways to boost international trade and investment, the source said.

The third key issue would be to adopt a flexible consensus for decision-making.

The source said a flexible consensus would allow the grouping to proceed on issues without all-round agreement.

The plan was put forward to speed up the formation of AFTA and expand economic cooperation into other areas, such as trade services and intellectual property rights.

It would also allow ASEAN to accommodate new members whose level of development is still far behind that of the original members.

To maintain a consensus on decision-making will have a diverse effect on economic cooperation because the introduction to ASEAN of less developed countries would delay AFTA.

A flexible consensus has already been applied to political decision-making within ASEAN. During last month's foreign ministers' meeting in Brunei, Singapore's K. Jayakumar suggested the grouping adopt a flexible consensus in order to remain a strong force while coping with expansion and change.

The ASEAN Secretariat is working out the restructuring of the grouping and a blueprint is expected to be presented at the economic ministers' meeting on Thursday and Friday before being submitted to ASEAN leaders in December, the source said.

The economic ministers will try to find a means of further economic integration.

Apart from AFTA, the services industry and intellectual property rights cooperation were to be included.

Edsel Custodio, chairman of a working group on trade service cooperation, said the framework comprised two segments -- cooperation and liberalization — which have already been finalized and are ready for ministerial endorsement.

Ranariddh Agrees To Attend ASEAN Summit

BK0509051[illegible] Bangkok BANGKOK POST in English 5 Sep 95 p 6

[FBIS Transcribed Text] Cambodia's co-prime ministers yesterday agreed to attend an ASEAN summit in Thailand in December, Foreign Minister Kasemsamoson Kasemsi said.

The minister extended the invitation to Prince Norodom Ranariddh and Mr. Hun Sen while paying them courtesy calls in Phnom Penh yesterday.

But the Cambodian government has yet to decide whether both premiers or only Prince Ranariddh will attend the fifth summit of the Association of Southeast Asian Nations in Bangkok, he said.

First Prime Minister Prince Ranariddh will attend the opening ceremony of the Southeast Asian Games in Chiang Mai in December and may join Mr. Hun Sen for the Bangkok meeting.

A meeting of the leaders of all ten Southeast Asian nations is set for December 15, the last day of the two-day ASEAN summit.

The ten nations are the seven ASEAN members, Cambodia, Laos and Burma. ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

M.R. Kasemsamoson said Thailand will officially extend an invitation to the Cambodian prime ministers.

A Foreign Ministry official said Prime Minister Banhan Sinlapa-acha would probably issue the invitation during his future visit to Cambodia.

Besides visiting the Cambodian premiers, M.R. Kasemsamoson also held talks with his counterpart Ing Huot, called on National Assembly Chairman Chea Sim, and had an audience and lunch with King Norodom Sihanouk and Queen Norodom Monineat Sihanouk.

The minister donated 100 tons of rice to King Sihanouk to help his people who were affected by drought last summer and by flooding this monsoon season.

The visit was aimed at cementing close contacts between the two governments which, the minister said, was the most effective way to resolve problems and expand relations .

Plans for joint development in overlapping territorial waters in the Gulf of Thailand, border cooperation, and economic assistance were among the issues M.R. Kasemsamoson discussed with his Cambodian counterpart.

Cambodia was the first of Thailand's neighbours M.R. Kasemsamoson chose for his first visit after taking up the foreign affairs portfolio, a move hailed by Mr. Ing Huot on Sunday as reflecting "his special attention."

The minister, during his meeting with Mr. Ing Huot, proposed that the two countries narrow down the disputed area in the Gulf first since it would be easier for them to launch a joint development scheme similar to that between Thailand and Malaysia.

The minister said his experience with a similar plan with Malaysia which took 13 years to get started showed that a joint development of such a vast area was a difficult process .

Thailand and Cambodia both claim 9,900 square nautical miles of overlapping areas in the Gulf.

On land border issues, M.R. Kasemsamoson said Thailand was waiting for Cambodia to be ready to set up two permanent border checkpoints between Sakeo Province and Cambodia's Banteay Meanchey, and Trat Province and Cambodia's Koh Kong.

Fighting between Cambodia and government forces and Khmer Rouge guerrillas in the areas has delayed Phnom Penh's decision on the matter a Foreign Ministry official noted .

Prince Ranariddh proposed during talks to upgrade Chong Chom in Thailand's Surin Province into a permanent checkpoint but Thailand wanted the two checkpoints opened first said Norachit Singhaseni, director of Division One of the ministry's East Asian Department.

M.R. Kasemsamoson said both sides agreed to push for the formation of joint border committees at three levels — local, regional and national.

Defence Minister Chawalit Yongchaiyut will visit Phnom Penh later this month to discuss the matter with his Cambodian counterpart, he said.

Discussion of ASEAN Aid Report Planned

BK0709055395 Bangkok BANGKOK POST in English 7 Sep 95 p 6

[Report by Atchara Atsayakachat and Somphon Thapanachai from Bandar Seri Begawan]

[FBIS Transcribed Text] ASEAN Economic Ministers and Japan will discuss an interim report on an assistance framework to help Indochina and Burma move towards a market economy.

The report, prepared by a working group set up last year, will provide tangible measures to assist Vietnam, Laos, Cambodia, and Burma in their economic transition.

If approved, ASEAN economic ministers and their Japanese counterpart, Ryutaro Hashimoto, the Minister for Industry and International Trade, will announce the plan for implementation.

The working group, comprising ASEAN economic officials, has met three times in Thailand and Japan to work out a framework of cooperation among 10 South East Asian countries with support from Japan, said Hidetoshi Nishimura of the Japan Overseas Development Corporation.

Various ideas have been discussed and proposed including specific projects from the Indochinese countries, especially Vietnam.

"The so-called Market Economy Accelerated Policy has been created to be applied to Indochina, and Burma. The idea is that some areas or cities will be chosen as models to be on trial penetration of market economy so that foreign investors will feel comfortable with all procedures," he said.

For Vietnam, Hanoi, the capital, Ho Chi Minh City, Danang, the central port, and Haiphong, the northern port, have been picked as models, said a source.

Japan's initiatives were somewhat more specific than ASEAN's proposal. Certain fields of cooperation were suggested such as natural resource exploration, human resource, infrastructure and sectoral industry development.

Sectoral industries include cars, textiles, electronics, telecommunications, tourism and energy.

Thailand has also suggested a legal framework was needed to create an environment conducive to a market economy.

A source said: "They have to promote privatisation and modernisation in their countries. Even Ho Chi Minh City, which is more acquainted with commercialisation, but some rules and regulations are too stringent."

Vietnam has pursued economic reform inspired by the renovation policy Doi Moi created almost a decade ago, however, the process has been gradual.

Japan's influence is returning to Indochina. It resumed aid to Vietnam in 1992 and has become the largest foreign investor.

The source said Vietnam still has bureaucratic problems that ASEAN and Japan felt were deterring investors.

He cited example of investment in auto industries which the investors needed to contact at least three agencies — transportation, heavy industry and the state committee for cooperation and investment. ASEAN proposed the establishment of a one-stop agency for investors in the model cities.

The source said that once the policy had been approved, the working group will draught a master plan of action to be submitted at next ASEAN Economic Meeting in Bangkok ahead of the ASEAN leaders' meeting.

South Pacific Forum on French Nuclear Tests

LD0709082695 Melbourne Radio Australia in English 0700 GMT 7 Sep 95

[FBIS Transcribed Text] The South Pacific Forum has called on France to acknowledge the weight of opinion against nuclear tests and immediately stop its program. As current chairman of the Forum, Australia's Prime Minister Paul Keating has issued a statement saying that Forum leaders condemned yesterday's test. Mr. Keating said France had defied the wishes of the South Pacific states. France had also defied the appeal to end testing issued by Asian nations in the statement last month from the ASEAN regional forum.

Mr. Keating said the South Pacific was particularly concerned by the French Government's reluctance to fully address the environmental and health risks posed by testing. He said Forum leaders reiterated the call for France to accept full and exclusive responsibility for any adverse impact from tests. Mr. Keating said the Forum would consider testing issues at the leaders' meeting in Madang [Papua New Guinea] next week.

Japan

U.S. Auto Monitoring Plan Displeases Officials

OW0609150495 Tokyo KYODO in English 1502 GMT 6 Sep 95

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, Sept. 6 KYODO — The U.S. Government launched a plan Wednesday [6 September] to numerically monitor, in conjunction with the private sector and some third countries, the recently concluded auto deal with Japan.

The plan, called the U.S. Implementation and Compliance Program, was announced at an official ceremony in the Old Executive Office Building to mark the signing of the auto and auto parts agreement and to underscore its benefits to the U.S.

U.S. auto industry officials attended the ceremony along with U.S. Trade Representative Mickey Kantor, Commerce Secretary Ron Brown, National Economic Council head Laura Tyson, and U.S. Ambassador to Japan Walter Mondale.

Japanese officials were not included in the event.

Highlighting a comprehensive data-gathering system involving the public and private sectors as well as third countries, the plan is expected to bring stronger pressure to bear on Japan when the two nations meet annually to monitor the progress of the auto deal, which was signed on Aug. 23 after agreement was reached in Geneva on June 28.

The new scheme is also apparently intended to mitigate criticism from the U.S. auto industry over the lack of specific targets in the agreement and to address concerns voiced by third nations that the deal might lead Japan to favor only the U.S..

The plan features the gathering of data by U.S. Trade Association of Parts Makers, including the automotive parts and accessories association, from their member firms.

The setting of goals to increase Japan's purchase of foreign auto parts was the major point of contention that caused the auto negotiations to drag on for nearly two years.

As for vehicles, the "big three" U.S. automakers will collect data on sales and the number of dealerships.

The administration of president Bill Clinton will establish an interagency enforcement team to collect and analize data on automotive trade.

It will on the other hand ask Japan to offer import data, and asking the European Union, Canada and Australia to contribute data on exports and dealerships in Japan.

Based on all the data collected, the team will publiclly release every six months an assessment of progress in all areas covered by the agreement. The first report will be issued around March 15, 1996.

A U.S. administration official said the plan will help improve data to monitor U.S. numerical expectations announced when the two nations reached the auto accord in June.

Meanwhile, officials of Japan's Ministry of International Trade and Industry have expressed dissatisfaction with the U.S. moves, which it sees as setting numerical targets, saying Japan will ignore them at bilateral consultations for monitoring progress under the auto agreement.

Even after resolving the auto dispute, the two nations have remained at odds over the accord, that allows the U.S. to make nonbinding estimates of progress.

When the two parties reached an agreement in Geneva in June, Kantor announced U.S. estimates that the accord should yield about 200 new sales outlets for foreign vehicles by the end of 1996, and about 1,000 new outlets by the end of 2000.

Referring to voluntary plans announced by Japanese automakers, the U.S. estimates also included an increase of $6.7 billion, by 1998, in purchases of U.S. parts by Japanese plants in North America and a rise of up to 2.65 million vehicles, by 1998, in Japanese output in U.S. plants.

Purchases of foreign parts by Japanese companies for use in Japan were also estimated to rise $6 billion, with the U.S. share reaching $2 billion.

Japanese International Trade and Industry Minister Ryutaro Hashimoto has been stressing that the estimates were made unilaterally by the U.S. without any reciprocal commitments by the Japanese Government.

But a senior U.S. official, speaking on condition of anonymity about the new plan, said the U.S. will take "the requisite actions at that time" if Japan fails to produce results.

He also stressed that the U.S. expectations are applicable to its trade laws, thus suggesting that Washington will revive threats of trade sanctions if progress is not made.

The official also emphasized that the mechanism of collecting data through U.S. makers is primarily intended to prevent Japanese companies from bringing "keiretsu" business groupings among auto makers and parts supplies into the U.S. market.

The auto accord calls on Japan to stop such discriminatory practices, saying it is unacceptable for Japan to "simply recreate a keiretsu network in the U.S.," he said.

Meanwhile, many observers said the plan and the ceremony appeared largely to fashion public interest ahead of the presidential election next year and also to address skepticism among lawmakers over Japan's numerical commitments in the auto accord.

In fact, the monitoring mechanism itself was based on proposals made by Sen. Carl Levin, a Democrat from Michigan who had been actively pressing the administration during the auto negotiations.

Levin, who also attended the ceremony, said he first advanced his proposal on July 10 in a meeting with Kantor and industry leaders.

Praising Levin and other lawmakers for supporting the administration in trying to resolve the auto dispute, Kantor himself conceded at the ceremony that Levin's proposals were adopted.

Official Rejects Monitoring Plan

OW0609144995 Tokyo KYODO in English 1436 GMT 6 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 6 KYODO — Japan will have nothing to do with a U.S. plan to monitor progress in foreign access to the Japanese auto market under a recent bilateral deal, a Japanese official said Wednesday [6 September].

Japan will have no part of any steps taken unilaterally by the United States, said an official of the Ministry of International Trade and Industry [MITI].

The official, who declined to be named, said Tokyo believes Washington is aware that such a process should be made under a formula agreed upon by the two countries.

Washington unveiled Wednesday a plan to monitor numerical criteria of foreign entry into the Japanese automotive market.

Under a recent agreement reached between Tokyo and Washington, both parties will meet annually to monitor the progress of automotive trade, including the number of foreign vehicles sold in Japan and other items.

Ministry officials described the U.S. plan as intended to convince U.S. industry that Japanese automakers had agreed to expand auto parts purchases from U.S. suppliers under strong pressure from the U.S. administration.

'No Major Problems' With U.S. Insurance Issue

OW0709000595 Tokyo KYODO in English 2316 GMT 6 Sep 95

[FBIS Transcribed Text] Washington, Sept. 6 KYODO — Japan and the United States found no major problems Wednesday [6 September] after completing their first two-day annual review of the bilateral framework insurance accord, Japanese officials said.

The U.S. side showed no specific dissatisfaction with Japan's explanations of progress made since the insurance accord was signed last October, the officials told reporters on condition of anonymity.

The Japanese side explained that foreign access to the Japanese market has widened in terms of deregulations to comply with qualitative "objective criteria" under the agreement, the officials said.

Particularly, they said Japan cited recent measures to simplify procedures in approving new insurance products and insurance premiums under a revision enacted for the first time in five decades for the insurance business and related laws.

The Japanese side also stressed that premium income at foreign insurance companies has expanded enough to underscore progress in Japan's market opening when seen quantitatively in the criteria, the officials said.

The U.S. side gave details on the progress of adjusting insurance regulations that vary among states.

Under the insurance accord, the two parties agreed to hold follow-up consultations annually to check progress.

In the first session on Tuesday and Wednesday, working-level officials from Japan's finance and foreign ministries and the office of the U.S. trade representative gathered and reaffirmed they will continue to hold the annual discussions.

Further Reportage on French Nuclear Tests

Tokyo-Paris Ties Examined

OW0609150795 Tokyo KYODO in English 1143 GMT 6 Sep 95

["News Focus" by Miu Oikawa Dieter: "French Nuclear Testing Clouds Japan-France Ties"]

[FBIS Transcribed Text] Tokyo Sept. 6 KYODO — When Jacques Chirac became French president in May, Japanese officials were optimistic that his reputation as a Japanophile would help enhance Franco-Japanese ties.

The officials saw Chirac, who has visited Japan more than 40 times and has considerable knowledge of

Japanese culture, as a boon to promoting ties not just with France but with the European Union (EU), other European countries and the Group of Seven (G-7) nations.

But their optimism soon turned to disappointment.

France carried out a nuclear test early Wednesday [6 September] morning Japan time on Mururoa Atoll in the South Pacific in accordance with an announcement by Chirac in June, defying international criticism led by Japan, Australia and New Zealand.

The experiment was the first of a series of tests France plans to conduct until next May.

"We are of course very disappointed that our calls on France to stop the nuclear tests, conveyed at the highest level by Prime Minister (Tomiichi) Murayama to President Chirac, were ignored," said a Foreign Ministry official.

"We did have high hopes of Chirac, because he is so knowledgeable about Japan. That's why we're doing our best not to let the nuclear problem harm bilateral relations," the official said.

But already, signs of discord are emerging in Tokyo-Paris ties.

Finance Minister Masayoshi Takemura angered France by attending an international rally in Tahiti last weekend to protest at the nuclear test.

Paris criticized the move as interfering in its domestic affairs, and instructed French Ambassador to Japan Jean-Bernard Ouvrieu, who is currently back in paris, to remain there for further "consultations."

So on Wednesday, Japanese leaders strongly condemned the French action verbally but were cautious in predicting possible measures Japan may take to show its disapproval, as it did against China.

When Beijing conducted its second nuclear test of the year last month, Japan announced it would not provide grants-in-aid to China except for humanitarian purposes, such as medical aid.

The measure was in line with guidelines for Official Development Assistance (ODA) which calls for taking into account the recipient countries' military trends.

Foreign Minister Yohei Kono said Japan does not plan to recall Ambassador to Paris Koichiro Matsuura and that he wants to see the French reaction to Japan's protests before taking any further steps.

Chief Cabinet Secretary Koken Nosaka said Japan hopes France will drop its plans for further testing as soon as possible but that it should also pay attention to maintaining friendly relations with France.

Although Foreign Ministry spokesman Hiroshi Hashimoto said last week that there will be "no gap" between Japan's action against China and against France, Japanese Government officials are apparently at a loss over possible measures to take against Paris.

"What can we do?," said a senior Foreign Ministry official. "We froze grants to China because it violated the ODA guidelines. But we're not extending any economic aid to France. A boycott of French products may be the most visible measure but the government can't support such moves."

Imposing some kind of sanctions would also be ineffective, the official said.

Ministry officials say that for the time being, Japan will do its best to win support from as many UN members as possible in submitting a resolution to the world body which calls for a ban on all nuclear tests.

Diplomatic analyst Hideaki Kase says he fears the difference in Japan's attitude toward France and China could harm Tokyo's relations with Paris.

He points out that Takemura "went too far" by participating in the Tahiti rally, a move he did not take against China. Even though Takemura attended it as a private citizen, he is a cabinet minister and the French Government would regard him as such, he said.

There are also no boycotts of Chinese products in Japan, he said.

"To the French people, Japan's attitude would seem very anti- French," he said.

For the survivors of the 1945 atomic bombings of Hiroshima and Nagasaki, the French nuclear test in the 50th anniversary year of the bombings came as a severe blow.

Koshiro Kondo, vice chief of the Hiroshima Prefectural Confederation of A-Bomb Survivors Organizations, said his group will hold sit-ins and sponsor emergency joint gatherings among labor unions, peace activists and survivors of the atomic bombings.

"I think the government has its own way of doing things," he said. "We want to consider what we, on a nongovernmental level, can do and what measures are most effective."

But the No. 2 man in the 300,000-member body says he has learned something from the latest uproar.

"To be frank, we didn't think there would be such a strong international outcry over this (French nuclear testing). It's very encouraging," he said. "I think the voices of Hiroshima and Nagasaki are, to a certain extent, being heard in the world."

Envoy May Be Dispatched to France

OW0709043695 Tokyo KYODO in English
0343 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Japan is considering the dispatch of a special envoy to Paris in protest against France's resumption of nuclear testing in the South Pacific, a government spokesman said Thursday [7 September].

Chief Cabinet Secretary Koken Nosaka told a news conference Tokyo has already asked Paris if such an emissary would be able to meet with French President Jacques Chirac.

"It would be meaningless if the envoy could not meet with the president," Nosaka said, adding Japan will decide within the day whether or not to send an envoy.

But he declined comment on who would be the choice as an emissary, saying only that the person should be well versed in French affairs and assertive enough to express Japan's opposition to nuclear testing.

In defiance of a chorus of international protests, France detonated a nuclear device at Mururoa Atoll in the South Pacific on Tuesday as its first nuclear experiment in about four years.

Nosaka also said Tokyo will consider whether or not to accept Chirac as a state guest to Japan next spring as scheduled. A Foreign Ministry official said Wednesday the French leader cannot come until after May.

France plans to conduct up to seven more nuclear tests by May.

Prime Minister Tomiichi Murayama said the purpose of sending a special envoy to Paris is "not to become emotional, but to voice clearly what we should say and the point we should make."

Murayama told reporters at his official residence that he assumes citizens in Hiroshima and Nagasaki in particular want to have their protest conveyed by the envoy.

Meanwhile, Tokyo Gov. Yukio Aoshima sent a letter to Chirac via the French Embassy in Tokyo, telling the French president that the test "disappointed Tokyo citizens wishing for the abolition of nuclear weapons," metropolitan government officials said.

Aoshima also urged Chirac not to conduct further testing, the officials said.

The governor asked Chirac to reconsider the decision to resume testing when the two met in Paris in July. At that time, Aoshima was on an overseas tour to apologize to cities affected by the cancellation of the planned world exposition in Tokyo next year.

Protest in Front of Embassy

OW0609153295 Tokyo KYODO in English
1458 GMT 6 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 6 KYODO — Scores of protesters staged a demonstration Wednesday [6 September] in front of the French Embassy in Tokyo over France's nuclear test in the South Pacific early in the morning Japan time.

Amid a security presence of 70 police officers, citizens, Diet members and students joined the protest, which follows a hunger strike being held by a 10-member group.

Members of an association of Japanese A-bomb victims read a protest letter calling for a halt to the nuclear tests and sat in the road in front of the embassy.

Representing a group of some 30 Diet members, four legislators who had just returned from antinuclear protests in Tahiti near the nuclear test site, submitted a protest letter to the embassy.

Members of the Japan Council Against A and H Bombs and labor unions also jointly turned in a petition of signatures they had gathered from some 650 people in the street.

Elsewhere in Japan, other antinuclear groups, including the Japan congress against A and H bombs, started various actions in protest at the nuclear tests such as boycotting French products.

Boycott Campaign No Effect

OW0709113095 Tokyo KYODO in English
0930 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Officials of major department stores and supermarkets said Thursday [7 September] they have hardly been affected by a campaign to boycott French products in protest against France's resumption of nuclear testing.

Takashimaya and Co. officials said they are not considering a cut in purchases of French goods because they have received no complaints from customers.

Mitsukoshi Ltd. officials said they handle so many leading brands of French products that they cannot remove them from store shelves.

At Louis Vuitton Japan K.K., officials reported that the boycott has had no effect on sales at 34 Louis Vuitton boutiques in Japan.

Officials of top supermarket chain operators, including Daiei Inc., Ito-Yokado Co. and Seiyu Ltd., said their participation in the boycott would be meaningless as they sell only a few kinds of French products.

Indian Minister Arrives in Tokyo for Talks

BK0609105095 Delhi All India Radio Network in English 0630 GMT 6 Sep 95

[FBIS Transcribed Text] The external affairs minister, Mr. Pranab Mukherjee, has reached Tokyo for three days of talks with Japanese Government and business leaders. An Indian business delegation is already in the Japanese capital. Japan's top most business and economic organization, Keidanren, is hosting a seminar later today which the external affairs minister will address. He will also address a meeting of the Japanese Chamber of Commerce and Industry, besides holding talks with federal ministers. Mr. Mukherjee will be assisted in his talks by the foreign secretary, Mr. Salman Haider, and the Indian ambassador in Tokyo.

Kono Urges India To Join NPT

OW0709092895 Tokyo KYODO in English 0852 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Foreign Minister Yohei Kono on Thursday [7 September] urged India to join the nuclear Nonproliferation Treaty (NPT), one day after France resumed nuclear testing, a ministry official said.

Kono made the call in a meeting with Indian Foreign Minister Pranab Mukherjee.

Mukherjee, however, told Kono that India considers the treaty "insufficient" to prevent the spread of nuclear weapons.

India thinks it better to instead set timetables to achieve ultimate abolition of nuclear weapons as it proposed in 1988, he was quoted as saying.

Mukherjee also told Kono that India is committed to promoting disarmament and that it does not possess or intend to possess nuclear weapons although it has nuclear capability, the official said.

Kono and Mukherjee also agreed on the need to enhance bilateral ties, saying the two countries should promote high-level exchanges and deepen policy dialogue, the official said.

Later in the day, the Indian foreign minister held talks with Prime Minister Tomiichi Murayama, saying he hopes Japanese investment in his country will increase, the official said.

Australian Envoy Views Sales of Imported Rice

OW0709054195 Tokyo KYODO in English 0509 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Australian Ambassador to Japan Ashton Calvert went to two supermarket outlets in Tokyo on Thursday [7 September] to see sales of rice imported from Australia.

The imported Australian rice is the first shipment of rice to Japan in line with Japan's decision to ease its rice import ban under the General Agreement on Tariffs and Trade Uruguay Round accord.

At an outlet operated by Daiei Inc. in Meguro Ward, Tokyo, Calvert was briefed by a Daiei executive on the sales of the Australian Millin brand and said "very delicious" after trying a sample cooked in front of the sales counter.

Calvert said the Millin brand would attract Japanese consumers due to its quality, while the price has room to be reduced along with further liberalization by Japan to import much more rice from overseas.

Daiei sells the Millin at 860 yen per 2-kilogram pack and 2,140 yen for 5 kilograms at 62 outlets in the Kanto, eastern Japan, and Kansai, western Japan, areas.

Argentine Export Insurance Quota To Increase

OW0609083795 Tokyo KYODO in English 0744 GMT 6 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 6 KYODO — Japan will increase an export insurance quota for medium and long-term projects in Argentina to $500 million over the next two years, government officials said Wednesday [6 September].

The officials said the decision was notified to visiting Argentine Economy Minister Domingo Cavallo on Wednesday by Yoshihiro Sakamoto, vice minister of international trade and industry for international affairs.

The ministry has annually set aside $300 million for short-term credits of less than two years and $100 million for longer-term credits since December 1993.

The officials said the allotment for medium and long-term projects will be expanded to $500 million in view of progress in the country's efforts to reduce the external debt burden and in its economic reforms.

Israeli Envoy Welcomes Tokyo's UN Peacekeepers

OW0509125395 Tokyo KYODO in English
0843 GMT 5 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Israel's Ambassador to Japan 'Amos Ganor on Tuesday [5 September] welcomed Japan's decision to join the UN peacekeeping mission in the Golan Heights next February.

Ganor called on Defense Agency chief Seishiro Eto and said that he expected the dispatch of Japanese Self-Defense Forces (SDF) personnel to deepen Japan-Israel relations, adding that he hoped SDF personnel would visit Israel before the dispatch.

The ambassador said the Israeli Government would not be sparing in its cooperation with the SDF personnel being sent to replace a Canadian transport unit in the UN Disengagement Observer Force (UNDOF) in the Israeli-occupied highlands of southwestern Syria.

Eto remarked that the dispatch would deepen personnel exchanges between Japan and Israel, adding that he wanted to mark complete preparation to realize the peacekeeping mission.

The Japanese Government formally decided on Aug. 29 to send SDF troops to take part in the UNDOF mission following a decision by Prime Minister Tomiichi Murayama's Social Democratic Party to drop its opposition to the dispatch.

The members of Japan's fourth contribution to UN peacekeeping and refugee aid programs since 1992 will be charged with the transport of food and with other logistical support. Earlier missions were to Cambodia, Mozambique and Zairian camps for Rwandan refugees.

APEC Negotiators Agree on Target for 2000

OW0209052995 Tokyo KYODO in English
0456 GMT 2 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 2 KYODO — Negotiators from the Asia-Pacific Economic Cooperation (APEC) forum have basically agreed on an action program to unify and simplify their customs procedures by the year 2000, Japanese Government officials said Saturday [2 September].

The accord, made at an APEC subcommittee on customs procedures, will be signed formally by leaders from the Asia-Pacific region at their November meeting in Osaka, officials at the Finance Ministry said.

They said the action program will signify the progress of the Bogor Declaration of last year, which set 2020 as a target for trade and investment liberalization in the region.

The nine-point action plan includes unification of import declaration documents, computerization of customs offices and thorough implementation of intellectual property right protection, the officials said.

Hashimoto, ASEAN Ministers To Meet in Brunei

OW0509124795 Tokyo KYODO in English
1156 GMT 5 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Japanese Trade Minister Ryutaro Hashimoto will meet his counterparts in the Association of Southeast Asian Nations (ASEAN) in Brunei on Saturday to seek ways to promote industrial cooperation between Japan and the seven ASEAN members, ministry officials said Tuesday [5 September].

Among other items on the agenda at the fourth ministerial meeting are the assessment of the economic situations in Japan and ASEAN countries, the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Free Trade Area (AFTA), the officials said.

At the previous meeting last year in Thailand, the ministers outlined a framework for Japan's industrial cooperation with Vietnam, Cambodia, Laos and Myanmar [Burma] to facilitate their transfer to market economies, they said.

Under the framework, a working committee has been set up and it proposed in August comprehensive Japanese cooperation in seven fields, including the promotion of market economies, infrastructure improvement, development of mine resources and personnel training, they said.

The ministers will discuss these proposals at the upcoming meeting, they said.

ASEAN economic ministers have invited a Japanese trade minister to their meeting since October 1992.

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, which joined ASEAN this year.

Hashimoto on Political Decisions in APEC Talks

OW0609135095 Tokyo KYODO in English
1318 GMT 6 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 6 KYODO — Japanese Trade Minister Ryutaro Hashimoto hinted Wednesday [6 September] that members of the Asia-Pacific Economic Cooperation (APEC) forum should make political decisions if necessary in difficult areas during the APEC meeting in Osaka this November, Trade Ministry officials said.

Hashimoto made comments suggesting as much when he met with visiting South Korean Foreign Minister Kong No-myong.

According to the officials, Gong said Seoul will cooperate with Japan at the forthcoming APEC meeting.

Seoul respects the Bogor declaration the APEC member nations made on liberalization of trade and investment within the forum, and will therefore do its best in difficult areas such as freeing farm trade, Gong said.

The officials quoted Hashimoto as replying, "There may be times when politicians have to take initiatives," suggesting that if necessary political decisions should be made to form an agreement.

The issue whether farm produce be excluded from the planned APEC action program for trade liberalization or not is a focal point in a declaration to be adopted at the Osaka meeting.

The APEC members are expected to hold wide-ranging discussions on ways of improving agriculture and securing food supplies in Asia at the upcoming meeting.

Separately, Hashimoto also met with Pranab Mukherjee, India's minister of external affairs, and discussed the APEC meeting, the officials said.

Mukherjee promised that India's economic reform policy will not be reversed and called for a further push in trade and investment liberalization.

Hashimoto said his ministry plans to send a mission to India in November, according to the officials.

Murayama Comments on Income Tax Cuts

*OW0709071795 Tokyo KYODO in English
0637 GMT 7 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Prime Minister Tomiichi Murayama said Thursday [7 September] he thinks the government should "continue the special reduction (of income tax) should the economic trends stay severe."

In an effort to promote consumption and spur the sluggish economy, the government has implemented 2 trillion yen cuts in income and residential taxes for the current fiscal year.

Last September, the government decided to continue income tax cuts through a two-tier method.

One of the steps was to cut taxes by 3.5 trillion yen under the overall progressive levy system reform as a permanent step and the other was to trim 2 trillion yen in taxes with a uniform levy rate cut as a special measure for 1995 and 1996, with the proviso that tax cuts in 1996 are subject to review if the economy improves remarkably.

The government will continue to take aggressive and flexible measures to restore economic growth, Murayama said in an address to an annual meeting of the nation's prefectural governors at his official residence.

"I believe it is necessary to take further steps flexibly so as to wipe away uncertainties over the future course of the economy and ensure a robust economic recovery," he said.

Murayama reiterated that his administration will put together additional pump-priming measures by Sept. 20 with an eye to helping spur domestic demand and overhaul Japan's economic structure.

He also said his government's economy-spurring measures over the past several months have contributed to easing the yen's steep rise against the U.S. dollar and revitalizing the stock market.

But he also acknowledged that Japan's economic recovery is stalled and the job situation remains grim.

In drafting the fiscal 1996 budget, the government is prepared to drastically review the virtually fixed budget allocations for public construction works among various types of projects, such as building of roads, sewage systems and agricultural infrastructure, he said.

Turning to the relationship between the central and local governments, Murayama said the decentralization of administrative power should be promoted further.

To help local authorities play their due part, it is imperative to tap new sources of revenue for them, he added.

Venture Business Sought in Stimulus Package

*OW0409003095 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 31 Aug 95 Morning Edition p 7*

[FBIS Translated Excerpt] The Ministry of International Trade and Industry [MITI] wants to create a new system to make venture businesses a pillar in the economic stimulus package, which is to be finalized by 20 September. The central government will provide 10-year interest-free loans to prefectural governments, which will then set up foundations that will support venture businesses using the money.

When private venture capitals accept corporate bonds [of venture businesses], these venture business foundations will provide credit guarantees, which will bolster the credit status of the newly starting venture companies and alleviate risks for them. The foundations will also provide low-interest loans to the venture capitals to encourage their investments. MITI plans to request in the second 1995 supplementary budget a fund of 40-50 billion yen for the Small Business National Corporation [SBNC] [to channel the money to prefectural governments].

The interest-free loans to prefectural governments [from the SBNC] will buttress the SBNC's loan system to help businesses develop themselves. The SBNC exists to support modernization of small business operations. Specifics of how investments should be shared between the SBNC and the prefectural governments at the time of establishing the venture foundations as well as what loan rates the foundations should apply at the time of venture capitals accepting corporate bonds have yet to be worked out. As far as MITI is concerned, however, it wants the investment ratio to be set at 50:50, and the interest rate of loans to private venture capitals to be about 1.5 percent.

It is possible that in some areas or business sectors there will be no venture capitals wanting to accept venture business corporate bonds. To be prepared for such cases, MITI will make it possible for the foundations to directly acquire corporate bonds or venture business stocks under the new system.

Local governments that have already founded or are in the process of founding venture foundations are: Osaka, Miyagi, Ishikawa, and Oita. About 10 others are in the planning stages.

The Osaka prefectural government also plans to set up a fund for the same purpose within the Osaka R&D Business Promotion Foundation, an auxiliary organization of the government, in cooperation with Sanwa Bank. MITI intends to accept such alternatives as setting up a fund [within an existing organization] or other courses of action such as establishing a third-sector joint stock company to serve the same purpose. In view of the possibility that there are not enough venture businesses wanting the support of the foundations in a single prefecture, MITI will see to it that the system's benefits will apply also when several prefectures get together to form one foundation.

According to a MITI survey, in Japan it takes about 17 years for companies on the over-the-counter listing to get listed on the stock exchange market whereas in the United States it takes about five years. According to the Small and Medium Enterprise Agency's Planning Division, the fact is that even the venture capitals, which are the primary sources of capital supplies for the ventures businesses up to the stage of getting listed on the stock exchange market, "do not come forward to provide loans to venture businesses unless they have grown to a certain scale."

Given such reality, MITI wants to create a new system that will help shore up the venture capitals' capabilities for screening and finding investment-worthy projects and that will enable smooth supply of capital to venture businesses in their starting days.[passage omitted]

'Major Companies' Business Conditions Surveyed

OW0609135595 Tokyo ASAHI SHIMBUN in Japanese 4 Sep 95 Morning Edition p 1

[FBIS Translated Text] ASAHI SHIMBUN conducted a survey on business conditions with executives from 100 major companies nationwide (52 manufacturing companies and 48 nonmanufacturing companies).

While the assessment by 48 companies is that economic conditions "have changed from slow recovery to a standstill," 41 companies said "some bright spots have appeared amid the economic standstill," reflecting the fact that foreign exchange rates have switched to a yen-depreciation trend. This seems to indicate some bright prospects amid the stagnation, sustained by robust corporate business results and capital investments.

With regard to economic policy management, many companies wanted the government to implement radical economic measures, citing such issues as "deregulation and other economic structural reforms" and "solving the problem of bad loans."

The survey was conducted from 20-31 August, basically by reporters directly interviewing chief executive officers of the 100 companies. The yen curbing measures announced by the government in early August and the subsequent coordinated intervention by Japan and the Western countries had pushed the exchange rate back, which had stayed for a while at the less than 90 yen to the dollar level, to a general trend of yen depreciation, or to a level comparable to the time of the last survey in March. As a consequence, stock prices had also recovered.

With regard to the companies' assessment of business conditions, none of the firms thought that "the economy is recovering slowly," although 81 of them had thought so in the previous poll. The number of companies that believed "the economy is deteriorating slowly" increased to 11, although the figure was one in the March survey. Also, in the present poll, as many as 89 companies characterized the economy as "leveling off," which is equivalent to a "standstill." This shows that due to the appreciation of the yen since March, companies have become less optimistic about the economy.

However, among companies regarding the economy to be at a "standstill," 46 percent believed "some bright spots have appeared," and most of them cited the "reversal of the exchange rate to yen depreciation" as their reason for believing so.

While most of the major economic indices published so far are based on survey data as of July, when the yen was much stronger, and thus pointing to an economic standstill, it can be said that the corporate executives are beginning to have a brighter economic outlook due to the reversal of the yen rate.

Nevertheless, 66 of the pollees replied that their projection of real economic growth rate in FY95 is "0.5 to less than 1 percent."

With the rapid appreciation of the yen since spring this year, there had been much concern about deteriorating business profits and a reduction in capital investments. The present survey shows that corporate business performance is quite healthy. Around half of the pollees, 52 of them, replied that they expected an increase in operating profits in the second half of FY95 (October 1995 to March 1996). There were 26 companies that expected a reduction in profits in the second half of FY95, but this number goes down to 3 with regard to the first half of FY96. There was also an increasing number of companies planning more capital investments.

With regard to their major concerns about the economy in the future (pollees were allowed to give more than one answer), 51 companies cited "bad loans," followed by companies that cited "another round of yen appreciation" and "further employment adjustments." Although policies had been set on liquidating the Kizu Credit Union and Hyogo Bank, a clearcut and concrete plan on the nagging question of how to liquidate bad loans can have a positive effect on business confidence.

Asked about their demands on policy management (multiple answers), 55 companies wanted "deregulation and other economic structural reform efforts," followed by those asking for an "early solution to the issue of bad loans" and "continuation of income tax cuts." Only a handful mentioned "reduced taxes on investments" and "lowering of the official discount rate." The companies are more interested in solving problems affecting the whole economy rather than specific assistance for the businesses.

MOF May Give Priority to Hyogo Bank Bailout

OW0709000695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Sep 95 Morning Edition p 3

[FBIS Translated Text] Regarding financial institutions' bankruptcies, which have been revealed one after another, the Ministry of Finance [MOF] and the Bank of Japan [BOJ] has decided, for the time being, to give priority to bailing out the Hyogo Bank. They made the decision because it seems that following the issuance of an order to cease its operations, Kizu Credit Union, where depositors rushed in and created a temporary panic, will once again be calm, at least for the time being. Another reason is that there is some fear that the bank's business, which continues to operate as usual, may be crippled depending on the behavior of depositors and trends in the financial market. The MOF will exert an all-out effort to form a framework for saving the Hyogo Bank by asking, beginning next week, concerned financial institutions to invest in the bank.

On 30 and 31 August, the BOJ gave Hyogo Bank a special loan, amounting to approximately 350 billion yen—nearly twice as much as the loan given to the Kizu Trust Bank. The BOJ did that not only to stop the outflow of deposits following the announcement of measures to bailout the bank, but also to be prepared for possible shortages in the short-term money market. On 31 August, the bank was caught in a temporary fund shortage in excess of 100 billion yen in the financial market, where banks sell short-term funds among themselves. The bank eventually offset the shortage by borrowing a special loan from the BOJ. Because of this, financial authorities came to the conclusion that they should give priority to bailing out the Hyogo Bank.

Among other things, an outline of a plan to transfer all assets and liabilities, including loans and deposits, to a new bank has been firmed up and incorporated in the scheme to rescue Hyogo Bank. Regarding such issues as investment in the new bank and providing funds for repaying and recovering bad loans, however, cooperation from private financial institutions and regional banks is indispensable.

On 1 September, the MOF's banking Bureau Chief Yoshimasa Nishimura visited Kobe City. While there, he held meetings with Toshitami Kaihara, governor of Hyogo Prefecture; Fuyuhiko Maki, president of the Kobe Chamber of Commerce and Industry; and other official and called for their cooperation. Moreover, on the same day, a senior MOF official summoned up major banks' board members, who are in charge of planning. At the meeting, he detailed an outline of the Hyogo Bank bailout plan and called for their cooperation.

The MOF expects that capital of the new bank to be some 60-80 billion yen. It seems that the ministry will ask influential companies in Hyogo — including Daia, Orix, Kobe Steel, and Matsushita Electric — to invest in the new bank. Regarding urban banks — including the Sumitomo Bank, the Sanwa Bank, and the Long- Term Credit Bank of Japan, which are investing in Hyogo Bank — the MOF will likely ask them to give grants and low-interest loans to the new bank in addition to investing in it.

Moreover, Junzo Yoneda, consultant of the Sakura Bank and vice president of Kobe Chamber of Commerce and Industry, has been informally designated as the new bank's president. He will announce his acceptance at the same chamber's operating committee meeting slated for 4 September. It seems that Yoneda will play a central role in selecting the new bank's board members.

As regards saving Kizu Credit Union, on the other hand, it has been decided that Osaka Prefecture will take the leadership in mapping out initial proposals and the MOF will work out the final bailout plan. This is the same process as the one in which the Tokyo government took the lead in preparing a plan for saving Cosmo Credit Union. The MOF and the BOJ will start making concrete coordination after they feel certain about the plan to save Hyogo Bank.

It has been agreed in rough terms that Deposit Insurance Corporation will give about 350 billion yen to a financial institution, which will take over all the businesses from Kizu Credit Union. Nevertheless, the issue of Osaka prefectural government's expenditures, support for profit earning by private institutions such as credit unions across the nation, and other matters are the tasks over which there must be coordination in the future.

Banks' Stance on Bankruptcies Annoys Officials

OW0709085495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Sep 95 Morning Edition p 7

[Unattributed article]

[FBIS Translated Text] Efforts to formulate a policy to liquidate failed banking institutions are bogged down by difficulties, including the reluctance of banking institutions to provide capital for the new bank that will take over the operations of Hyogo Bank, even though they were originally expected to do so.

Government financial officials are increasingly irritated with "some commercial banking institutions' total lack of awareness that this is their own problem." On the other hand, the banking sector retorts that "the banking crisis is formidable; we simply cannot understand why the private sector should be the only one to deal with the consequences." Even people outside the "banking village" consisting of the Ministry of Finance [MOF], the Bank of Japan [BOJ], and the banking sector point to the lack of leaders in the banking sector.

No Response

In the process of liquidating the Cosmo Credit Union (in Tokyo), which went bankrupt in July, the MOF once attempted to let the private banking sector come up with a liquidation plan. This was when the MOF and the private banks could not agree on the issue of writing off loans given to Cosmo Credit Union. These banks were challenged to "draw up a better plan" if they "did not want to write off loans according to the MOF plan." However, "the private sector did not come up with anything worthwhile." The situation remains the same with the ongoing process of formulating liquidation policies for the Hyogo Bank and Kizu Credit Union.

The BOJ is also having a tough time managing the Tokyo Kyodo Bank, which took over the operations of the former Kyowa and Anzen credit unions. The BOJ tried to liquidate Kyodo Bank's bad debts and increase the profits of the bank by soliciting capital from the interbank market and dealing in government bonds. However, the private banks refused to deal with this bank, saying "Kyodo has a low credit rating." In the case of Hyogo Bank, despite repeated appeals by the BOJ, not much progress has been made in efforts to obtain capital from the interbank market.

Senior MOF and BOJ officials lament that "there is barely any willingness to offer support, despite the fact that a prolonged deadlock in formulating a liquidation policy will be detrimental to the entire banking sector." Recently, there has been a marked increase in the number of cases wherein private banks, despite their theoretical support for sustaining the banking system by themselves, suddenly become unenthusiastic when it comes to shouldering their share of the accompanying financial burden.

A Glaring Gap

It is a well known story that Sohei Nakayama, then president of the Industrial Bank of Japan, played a significant role in bailing out Yamaichi Securities Company, Ltd. when Yamaichi was suffering from liquidity problems during the stock market slump in 1965.

Leaders of the financial sector also played an active role during the financial depression in 1927. The creation of the Showa Bank to take over the failed banking institutions was the brainchild of discussions by then BOJ Governor Inoue, Mitsui Bank President Ikeda, and Mitsubishi Bank President Kushida.

To the extent that the present situation is so different from the past, the financial authorities, as well as the private sector, are now asking the question: "Is there not somebody in the banking sector who can act as a leader?" (according to the chief executive of a manufacturing company)

The commercial banks have their own arguments. The first issue cited is the possibility of being sued by stockholder representatives. With the revision of the Commercial Law, it has become much less expensive for stockholders to file a lawsuit, making such an action much easier. Stockholder representative lawsuits can be filed by a company's stockholders, who are the company's owners, when the board of directors takes irrational action damaging to the company's interests.

There is also concern about an unbridled increase in cost. The bad loans to be liquidated involve enormous amounts. Most private banks think that "our hands are full just dealing with our own bad debts." It is "commonly known in the banking sector" that the size of bad loans is way beyond the MOF estimate of "40 trillion yen." They are afraid that once they do anything remotely resembling exercising leadership, they "are likely to be told 'how about coming up with some money instead of being a big mouth?'" (according to a director in charge of planning for a city bank)

The "Excuse"

While the private sector tries to avoid cost as much as possible, using the excuse that they "may not be able to withstand stockholder lawsuits," it has also been pointed out that: "The banking sector taking action as a whole to maintain credit order is outside the realm of stockholder lawsuits. By bringing up the issue themselves, the banks may indeed be questioned about management responsibility when they actually incur specific losses." (according to a senior MOF official)

Despite the very difficult situation existing in the banking sector, it is, nevertheless, true that the commercial banks are partly responsible for creating the bubble economy which gave rise to the problem of bad loans.

Fears have been expressed that if the private sector does not take active steps to maintain credit order, it may not be possible to stop a chain reaction of bankruptcies.

Ministry To Step Up Efforts To Curb High Yen

OW0609103695 Tokyo KYODO in English
1028 GMT 6 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 6 KYODO — As a downward trend in Japan's current account surplus has become apparent, the Ministry of Finance is planning to step up efforts to curb the yen's strength by announcing a further easing of rules on external investments.

In early August, the ministry decided to deregulate the rules on external loans and investment by institutional investors, such as banks and life insurance companies.

In an effort to urge individual investors to invest more in foreign currency-denominated financial instruments, the ministry has started considering mapping out additional measures, ministry officials said.

The measures are expected to include an easing of rules on foreign currency-denominated deposits and investment in foreign bonds, industry sources said.

When business corporations or individuals deposit money denominated in foreign currencies, equivalent to or greater than 100 million yen, at overseas financial institutions, they are required to get approval from the ministry.

Due chiefly to a sharp rise in imports of manufactured goods, the current account surplus for July, announced Wednesday [6 September], narrowed 20.5 percent from a year earlier to about 9.2 billion dollars.

The decline in the current account surplus and the Bank of Japan's intervention combined to push the dollar higher to the 99 yen level at one point in Wednesday trading.

The dollar-yen movement fell within the ministry's expectations that the Tokyo foreign exchange market would endorse the downward trend in the current account surplus.

But the ministry is sticking to the judgment that the dollar is still in the process of an orderly reversal — as recently expressed by Finance Minister Masayoshi Takemura.

By keeping close contact with its counterparts in other leading industrialized countries, the ministry is planning to launch coordinated dollar-support intervention if necessary.

Former MOF Official Used Money for Investment

OW0709103195 Tokyo KYODO in English
0952 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — A former senior Ministry of Finance (MOF) official who resigned recently over alleged moonlighting received 50 million to 60 million yen in donations and used them for securities investment, the ministry said Thursday [7 September].

Yoshio Nakajima received the money from more than 10 people over 10 years while serving at the ministry, the ministry said.

He also received some 10 million yen in low-interest loans over six to seven years from one person, said the ministry in its internal survey.

Nakajima used the funds to finance investment on stocks, bonds and large-lot time deposits, and purchases of his home and golf club certificates, the ministry said.

Tax authorities will launch a full-scale probe into Nakajima's tax records, sources at the National Tax Administration Agency said.

The ministry survey also said Nakajima failed to declare the donations during a period for annual income reporting.

Chief Cabinet Secretary Koken Nosaka told a news conference, "It was a careless act as a national public servant and therefore extremely regrettable."

Finance Minister Masayoshi Takemura said he was surprised at the latest revelation involving Nakajima, who is at the center of a scandal involving senior bureaucrats, terming the act "unthinkable" for a ranking MOF official.

Takemura said he will announce at a press conference Friday punishments of other bureaucrats for failing to supervise Nakajima adequately.

Financial Crisis of Housing Lenders Viewed

OW0709051895 Tokyo MAINICHI SHIMBUN in Japanese 6 Sep 95 Morning Edition p 8

[FBIS Translated Text] It will be difficult for the Financial System Research Council, an advisory body to the finance minister, to include specific measures to bail out the financially troubled housing loan corporations (jusen) in its interim report on the failures of financial institutions, to be released at the end of the month. There is a clash of interests among the parties concerned, despite their common recognition that "the jusen's role is over," and such matters as the use of public funds to rescue the housing loan firms "have not been fully discussed" (according to the Banking Bureau). The council intends to find a solution to the jusen problem by the end of the year. The focus of discussion on this issue is how the burden of rescuing the jusen should be shared between the group of jusen parent banks and another group of financial institutions affiliated with agricultural cooperatives.

Since August the Ministry of Finance [MOF] has conducted on-the-spot inspections at eight housing loan firms and plans to issue an interim report on its survey sometime after mid-September. The report will be used by the parent banks as a basis for deciding whether the 10-year reconstruction plan worked out by the housing loan companies in 1993 is feasible. Their decision, however, will not speed up a solution to the jusen crisis, because of the demand from the Agriculture Ministry and agricultural cooperatives that the parent banks guarantee the principal of the loans made to jusen by agricultural financial institutions.

Before housing loan firms drew up the reconstruction plan, the MOF and the Agriculture Ministry exchanged a secret memo on the rescue of jusen in behind-the-scene negotiations and decided on interest rates on loans made to jusen by financial institutions. The MOF regrets this decision. This time, it intends to respect a decision by the parent banks. However, the banks range from large to medium and small, and what they say varies, depending on their business condition. Also, some housing loan firms have borrowed from many banks. These factors could prevent the parent banks from making an early decision.

At present, few banks are likely to agree to the continuation of jusen operations; thus most housing loan companies are expected to be dissolved or reorganized. Financial industry sources point out that it is very likely that some prefectural units of the Association of Credit Agricultural Cooperatives (Shinren) [name as published], which lent massively to jusen, will go under when housing loan companies are liquidated.

At that stage, full-scale discussions on whether to use public funds will begin. Once a decision is made to use public money, housing loan firms will be asked to disclose the details of their business operations. Fearing such a situation, agricultural cooperative-affiliated financial institutions will certainly oppose the measure. In this case, the MOF and the Agriculture Ministry will enter into final discussions of how the bailout burden should be shared by parent banks and the agricultural financial institutions.

Finance Minister Masayoshi Takemura has already disclosed his intention to solve the jusen crisis by the end of the year. Because the issue may affect the government's budget compilation, it will likely be settled politically in the end.

Article Urges Rolling Settlement on Bonds

952A0626A Tokyo KINYU ZAISEI JIJO in Japanese 18 Jun 95 pp 51-53

[Article by bond market issues research staff]

[FBIS Translated Text]

Japan Left Behind in International Reform of Securities Settlement

Japan Alone Fails To Implement Rolling Settlement on Bonds

In March 1989, the G30 council on international economics and finance released a report in which it recommended several measures for reducing risk associated with securities settlement.

Of the council's recommendations, two drew considerable attention. These were its recommendation that all securities transactions be settled by delivery versus payment (DVP) by 1992 and its vision of a rolling settlement system in all securities markets by 1992. In the DVP scheme, securities are delivered in exchange for payment. Under the rolling settlement system, securities transactions would be settled on the third business day after the contract date (T+3). These recommendations were noteworthy because they specified a schedule for reform.

The council's recommendations reflected an international awareness of the need to reduce the balance of unsettled securities transactions. Securities professionals worldwide recognized the far-reaching impact of a stock market crash (such as 1987's Black Monday) due to the increasingly borderless nature of trading.

Major Western nations responded quickly to the G30 council's recommendations. They replaced their outmoded systems of settling securities transactions on designated days of the month with a rolling settlement system and reduced the settlement period, or the period from the contract date to the settlement date. Also, the settlement period for Eurobonds was shortened to T+3 from T+7 as of June 1.

As of mid-1994, the market for long-term Japanese Government bonds and the British stock market were the only major securities markets in the world where transactions were still settled on designated days of the month. Trades were settled six times a month in the case of Japan's long-term government bond market and twice a month on the London Stock Exchange.

In July 1994, however, England scrapped its 170-year tradition of settling stocks on designated days for a rolling settlement system of T+10. It plans to shorten the settlement period to T+5 in the second half of 1995. Thus, Japan's long-term government bond market is currently the only major market where trades are settled on designated days alone.

Stock and T-bill transactions in Japan are settled on the third business day after the contract date, which meets the international standard. On the other hand, Japanese financial authorities have designated six days a month for the settlement of long-term government bonds and only three days a month for the settlement of other debt instruments. Other debt instruments include corporate bonds, bank debentures, municipal bonds and government-guaranteed bonds. More specifically, long-term government bonds can be settled on the fifth, tenth, fifteenth, twentieth, twenty-fifth, and the last day of the month and other types of bonds on the tenth, twentieth, and last day of the month. As many as 15 business days may elapse before a nongovernment bond transaction is settled.

Settlement on Designated Days Offers Advantage, But at Cost of Increased Risk

There are advantages and disadvantages to the use of designated settlement days in Japan's long-term government bond market. As we mentioned earlier, government bond trades are settled every five days, starting on the fifth of the month. The period from the contract date to the settlement date is set at a maximum of 10 business days in principal. Let's assume that bond trades on May 17-19 are netted out and settled on May 31. Accordingly, a sale of government bonds on May 17, no matter how large, can be offset with a purchase of the same amount on May 18. Consequently, no funds or government bonds for these transactions must be procured on May 31, the settlement date. However, there is a drawback to this advantage: an increase in the systemic risk.

The G30 council addressed this risk in its report. For example, suppose that a string of market participants places sell orders corresponding to scheduled purchases of government bonds in a chain reaction. If a market participant is unable to settle a trade, an inability to settle trades will spread throughout the market.

Furthermore, the average length of time between the contract date and settlement date for long-term government bonds in Japan is much longer than the settlement period in other countries' government bond markets. It takes an average of nine business days to settle a government bond trade in Japan, but only three business days in other countries. Consequently, the unsettled balance of government bond transactions in Japan will climb to three times the level in other countries, assuming the same amount of transactions. Thus, Japan's settlement period could stand improvement.

Japan began its current practice of settling government bonds six times a month in 1987. Up until then, government bond trades were settled just three times a month. The Bank of Japan (BOJ) had not yet established a computer network for settlements in 1987, so trades were settled on a written basis. It made sense to allow for about 10 business days from the contract date to the settlement date because the time that it took for documents to arrive by post from regional financial institutions was a bottleneck. Since 1990, however, regional financial institutions have been able to settle government bond transactions via the BOJ's on-line network. Consequently, a settlement period of about three business days would be realistic today.

Barings Failure Sets Stage for Reform

In April 1994, the BOJ introduced a DVP scheme for government bond settlements on its computer network. Consequently, some market participants do not perceive a problem with the accumulation of unsettled transactions because there is no risk of losing the principal, even if the trader collapses.

If a party is unable to settle a trade, however, the financial institution that is involved in the trade will have to procure the funds and bonds that it anticipated from the original transaction by engaging in another transaction. If the market price at that time differs from the original transaction price, the financial institution will incur an unexpected loss. Thus, the DVP settlement scheme does not eliminate this risk of price fluctuation.

When Barings Bank failed in February 1995, losses stemming from Japan's practice of settling government bond trades six times a month fortunately did not emerge. The absence of such losses was attributable to Barings' specialization in futures and options trading in Japan, such as stock index futures. Thus, the debacle would have been worse if Barings happened to be dealing in cash bonds at that time.

Needless to say, the most important lesson to learn from the failure of Barings is the fact that an institutional trader can experience a sudden death even in Japan. Since Barings' collapse, market participants that were affected by the incident have become acutely aware of the importance of reducing the balance of unsettled trades. Consequently, the time is ripe for action on the G30 council's recommendations in Japan.

Japanese financial authorities now have an opportunity to reduce the systemic risk and price fluctuation risk associated with government bond trades by introducing a daily settlement system (rolling settlement) and shortening the settlement period to three business days. The settlement period currently ranges from seven to 11 business days, for an average of nine business days.

Reforms in Other Bond Markets

Rolling Settlement To Fuel Demand for Repo Market

How would a shift to rolling settlement on long-term government bonds impact other bond markets in Japan? As for the issue of reforming the nongovernment bond market, the junior status of the settlement system for nongovernment bonds will likely become more pronounced.

Japanese dealers in nongovernment bonds have proposed market improvements for many years, but informal discussions between securities professionals have not led to progress. There is still no on-line computer system, nor a DVP scheme for settling nongovernment bonds. Nongovernment bonds are settled just three times a month because the system cannot handle more frequent settlements. Given these conditions, a plan to introduce rolling settlement on government bonds alone may meet resistance because the reduced risk associated with government bond settlements could tempt investors away from the nongovernment bond market.

However, a postponement of trading improvements in the government bond market until reforms can be implemented in other bond markets is analogous to putting the cart before the horse. Instead, it is more important to increase investors' awareness of the need to reform the nongovernment bond market by improving trading capabilities in the government bond market. When the debate over nongovernment bond market reforms resumes in the future, I hope to see a rolling settlement scheme put on the table.

The introduction of a rolling settlement system for long-term government bonds would probably drum up support for the creation of a repo market (we addressed the repo market in the March 27 issue of this series). Under a rolling settlement system, traders could no longer settle several days worth of transactions on one day. Therefore, their burden of obtaining the funds and bonds to back transactions would increase. On the other hand, a repo market would enable traders to exchange funds and securities in a flexible manner and accordingly, better cope with this added procurement pressure. Thus, calls for the creation of a repo market should increase if the rolling settlement system is implemented.

Of course, there is strong demand for a repo market in Japan for other reasons as well. For example, a repo market would relieve the risk associated with unsecured borrowing and lending on securities, shown all too clearly by the failure of Barings. A repo market would also support derivatives trading, such as options and swap hedges, and arbitrage between the spot and futures markets. A rolling settlement system would probably bring attention to this basic demand for a repo market.

Through these mechanisms, a repo market will likely be established in conjunction with the shift to a rolling settlement system for government bonds.

Rolling Settlement To Win Back Investors

The G30 council recommended a rolling settlement system with a short settlement period due to its desire to reduce risk by lowering the balance of unsettled transactions. However, the council also sought to quell investors' concerns and stimulate investment activity in securities markets worldwide by establishing an international standard of T+3 for the settlement period.

Today, Japan's bond market is the only major market in the world where trades are still settled on designated days of the month. From an investor's standpoint, the Japanese bond market is a high-risk market that hinders trading abilities. A rolling settlement system would help win back overseas investors and halt the exodus from Tokyo's financial markets.

EAP Head, Business Leaders on Deregulation

OW0709054295 Tokyo KYODO in English 0409 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — A big business group urged the nation's top economic planner Thursday [7 September] to speed up implementation of deregulation steps, but the planner immediately reminded group members that they also have a share of assignments in that direction.

The exchange was made in a meeting at a Tokyo hotel among Economic Planning Agency (EPA) Director General Isamu Miyazaki, Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai) and other association executives.

Ushio, concurrently chairman of Ushio Inc., a high tech-oriented lamp maker, told Miyazaki, "the Keizai Doyukai perceives as crucial a (government) stance of allowing the private sector to press ahead with its economic activities on its own initiatives."

"I want you to create an environment more conducive to the private sector's acting more freely by pushing deregulation," he said.

Miyazaki, a key proponent of a strong deregulation drive, immediately threw his weight behind the association's views, saying the government "will place great emphasis on taking bold steps with appropriate timing (toward deregulation)."

However, the noted economist quickly told association members that deregulation should be implemented "without exempting (any interests) from it."

"It would be desirable for private sector interests to volunteer to waive claims on government protection in respective fields where they have received such protection," he said.

DA Considers Applying Proposed ACSA to PKO

OW0709095995 Tokyo MAINICHI SHIMBUN in Japanese 6 Sep 95 Morning Edition p 4

[FBIS Translated Text] At a news conference held after the 5 September cabinet meeting, Seishiro Eto, director general of the Defense Agency [DA], officially announced Japan's plan to consider in a positive way that the proposed Acquisition and Cross-Servicing Agreement (ACSA) be applied to UN peacekeeping operations (PKO). The proposed ACSA that Japan and the United States hope to conclude by the end of fiscal 1995 will enable the Self-Defense Forces [SDF] and the U.S. forces to share fuel and services.

However, he said that the proposed agreement will not apply when an SDF mission is dispatched to the Golan Heights in February 1996 to join the activities of the UN Disengagement Observer Force (UNDOF).

The United States has been seeking ACSA's conclusion since 1988 to facilitate services such as the procurement of fuel and ammunition, and repairs during Japan-U.S. joint military exercises and on other occasions.

Since Tokuichiro Tamazawa, former DA chief, had stated his cautious view at a Diet session that ACSA "should only apply in peacetime and during joint exercises," thus denying the application of ACSA to PKO activities, Eto's remarks indicate that Japan is taking a further step forward.

However, the Cabinet Legislation Bureau has informally expressed its negative view, noting that "this can be regarded as exercising the right of collective defense which is not approved in the interpretation of the Constitution." Therefore, this is expected to be subject to debate within the government in the near future.

Eto Comments on New Defense Program, Others

OW0309100395 Tokyo KYODO in English 0733 GMT 3 Sep 95

[FBIS Transcribed Text] Honolulu, Sept. 2 KYODO — Defense Agency chief Seishiro Eto said in Honolulu on Saturday [2 September] that Japan's new defense program poses no threat to neighboring countries and is in compliance with the postwar pacifist Constitution.

Eto said after attending ceremonies marking the 50th anniversary of the end of World War II that the new defense program, to be drawn up later this year, will be "compact" and "flexible" and underscore the importance of Japan's role in UN Peacekeeping operations and disaster relief activities at home and abroad.

He told reporters that he decided to attend the ceremonies in Hawaii because the events of Sept. 2, 1945, the day Japan signed surrender documents to end the second world war, are irrevocable.

Commenting on a series of talks with his counterparts from other Asian and Pacific countries, Eto said dialogue on Asia-Pacific security is not making adequate progress.

Masahiro Akiyama, who heads the Defense Agency's defense policy bureau and attended the news conference with Eto, said Japan is considering applying the proposed acquisition and cross-servicing agreement with the United States to UN Peacekeeping operations.

Under that accord, the U.S. military is expected to provide large transport aircraft while the Japanese self-defense forces are expected to supply food and lodgings, among other things.

In a meeting Saturday afternoon with Mongolian Defense Minister Shagalyn Jadambaa, Eto agreed to accept Mongolian military officers at three Japanese defense schools, Japanese officials said.

Editorial Urges DA To Change Budget Request

OW0609150595 Tokyo ASAHI SHIMBUN in Japanese 2 Sep 95 Morning Edition p 5

[Editorial: "Arms Expansion Trend Seen in Defense Budget"]

[FBIS Translated Text] Events that should be milestones in the history of Japan's security policy are to take place one after another in the remaining months of the year.

The National Defense Program Outline, which has been the basis of Japan's defense buildup policy for nearly 20 years, including the Cold War era, is due for revision. Also, the Japanese and U.S. Governments are expected to have lively discussions on the future of the bilateral security system before a Japan-U.S. summit scheduled for November.

Under such circumstances, the Defense Agency [DA] recently presented its budget request for FY96. The DA has explained that because this will be the first defense budget to be compiled under the revised defense program outline, it made the budget request in due consideration of the revision.

However, the contents of the request must have disappointed many people who expected the Self-Defense Forces [SDF] to assume a new image in the post-Cold War era and are looking forward to some sort of dividend from post-Cold War peace.

The budget request should be rated highly in that it includes expenses for reinforcing the SDF's disaster relief functions and stepping up activities for building up relations of trust with neighboring countries. Yet, the DA's stubborn resolve to avoid changes where possible still dominates its basic approach to defense policy planning concerning weapons and organizations.

This is evident in the agency's plan to mass-produce the next-generation fighter support (FSX) plane.

The development of the FSX as a successor to the F-1 fighter began near the end of the Cold War to counter a possible Soviet invasion of Hokkaido. Although it is heavily equipped, the aircraft has an action radius of more than 800 km, making it able to fly the distance between a base in Miyagi Prefecture and Wakkanai. It has an air defense capability comparable to that of F-15's used by the Air SDF.

Japan has made many miscalculations with the FSX development plan. Although it originally planned to develop the aircraft on its own, in the face of opposition from the U.S. Government and Congress it later agreed on a joint Japan-U.S. development project. Also, the per-unit price of the FSX, which was originally estimated at 5.4 billion yen, has soared to 12.3 billion yen in the DA's FY96 budget request, which seeks the procurement of 12 FSX's. As a mass- produced fighter plane, the FSX will be the most expensive in the world.

The DA plans to procure 141 FSX's in 12 years. It maintains that the average per-unit cost should come down to 8 billion yen through mass production. But it goes without saying that this sort of expenditure will definitely increase the nation's defense spending, which cannot be shrunk easily because of payments due for past weapon purchases.

What should the DA do? Perhaps the answer is that it should return to the starting point where defense spending is considered a kind of insurance for taxpayers.

The political climate in East Asia still remains unpredictable. However, the threat from Russia has been drastically reduced and any direct invasion of Japan by Russia is hardly likely. In such a situation, there is little justification for the DA clinging to a traditional defense policy and asking the general public to bear a burden of this amount.

The DA may argue that if there should be changes in the FSX plan, the development costs of more than 300 billion yen would be wasted and it would have a serious impact on the related industries in Japan and the United States. Also, the two countries would face problems that would be created from such changes. But essentially, a defense policy is not an industrial policy.

The DA should review its FSX deployment plan and, based on an assessment of cost versus effect, it should consider various options, including the introduction of much cheaper U.S. aircraft or the use of existing aircraft as support planes.

The ongoing research on the theater missile defense (TMD) system is about to reach its final stage. The development of the system has to do with the future of the nation's defense system and taxpayers' money. Before deciding whether or not to enter into a joint development agreement with the United States, the DA should carry out a thorough assessment of cost versus effect.

The most important matter now is what the new defense program outline is going to be like. After all, it is this new outline that will determine the contents of the year-end government budget plan and whether or not Japan will be able to implement its medium- and long-term disarmament policy.

Despite this, Diet and political circles appear to be neglecting the importance of arguments over the revision of the defense program outline. In today's drastically changed global environment, it is not right to leave the task to bureaucrats and military experts alone in making an image of the SDF as an entity that maintains the principle of exclusive defense.

LDP Presidential Race May End Without Vote

OW0709004195 Tokyo KYODO in English 2354 GMT 6 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — The presidential race of the Liberal Democratic Party (LDP), the dominant partner in Japan's tripartite ruling coalition, may end without a vote amid dim prospects of a second potential challenger mustering enough support required for candidacy, LDP sources said Thursday [7 September].

Former Posts and Telecommunications Minister Junichiro Koizumi said late Wednesday the party's presidential election set for Sept. 22 "would end up without a vote as things stand now."

Koizumi made the remark after meeting with senior members of a group of LDP legislators loyal to Hiroshi Mitsuzuka, party secretary general.

The group accepted a decision by Construction Minister Yoshiro Mori not to run in the election, for which trade minister Ryutaro Hashimoto is the only LDP member to have declared candidacy.

But the group as a whole failed to endorse Koizumi's candidacy on concern over his advocating privatization of the postal service, a move opposed by many LDP lawmakers who fear it would mean reduced jobs for postal workers.

A candidate must collect at least 30 supporters before running in the party's presidential election, but only 10 or so members of the Mitsuzuka group are likely to support Koizumi.

Koizumi will thus have to turn to nongroup members for support but his postal policy is scaring away many LDP legislators, party sources said.

An organization of the heads of small rural post offices and their families numbering some 147,000, who are traditional LDP supporters, has declared objection to privatization.

Campaigning for the presidential election is to start Sunday but Koizumi supporters have told him it is "extremely difficult" to secure the required number of official supporters by then because of his privatization policy, the sources said.

Koizumi has declared he will stick to the policy.

'Large-Lot' Political Donations Declining

OW0709111695 Tokyo KYODO in English 0835 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — The aggregate sum of large-lot political donations to various parties plummeted 44.2 percent to 2.74 billion yen in 1994 for the fourth consecutive year of declines, according to the parties' political funds reports.

The drop was the largest since 1984, when KYODO NEWS SERVICE started compiling annual statistics concerning corporate donations exceeding 20 million yen per corporation.

Political sources attributed the plunge mainly to the anemic economy and a 1993 decision by the Federation of Economic Organizations (Keidanren) to stop dictating mandatory donation sums to each industry.

By business sector, banks have remained the most generous contributors with their cumulative donations amounting to 1.22 billion yen. The figure accounted for 44.4 percent of the total, although it represented a fall of 23.5 percent from the previous year.

Toru Hashimoto, chairman of the Federation of Bankers Associations of Japan, said, "We hope to continue cutting back on the sum of donations in coming years."

Automakers ranked second with 307 million yen, off 21.0 percent, followed by insurance companies with 225 million yen, down 31.8 percent, electronics and telecommunication companies with 204 million yen, off

36.3 percent, and securities houses with 130 million yen, down 31.6 percent.

Displaying the largest year-on-year drop in donations was the real estate and construction industry that took the hardest hammering from the bursting of the "bubble economy" of the late 1980s.

Their aggregate donations nosedived 85.2 percent to 67 million yen. The political community saw donations from the steel-metal industry and the oil industry skid 78.7 and 56.1 percent, respectively, to 67 million and 78 million yen.

A conspicuous characteristic in this year's donation trend is the emergence of the Kaikaku Kokumin Kaigi, a donation-receiving arm of Shinshinto (New Frontier Party), and Shin Seiji Kyokai, a similar arm of New Party Sakigake [Harbinger], in addition to the Liberal Democratic Party's national political association and the Democratic Socialist Party's Seiwa Kyokai.

Major commercial banks, life insurers, Toyota Motor Corp., Nissan Motor Co. and Nippon Steel Corp. (NSC) diversified the destinations of their donations to the four institutions.

Asked why, a Toyota official said, "We took into consideration their donation requests, past record and the current number of parliamentary seats." An NSC official said, "We responded to a reconfiguration of the political community."

In the July 23 House of Councillors election, Shinshinto garnered 21 additional seats to 56, while the Social Democratic Party of Prime Minister Tomiichi Murayama saw its strength dwindle from 63 to 38.

Asked about possible donations to the Socialists, an NEC Corp. official said, "it depends on their policies." A Matsushita Electric Industrial Co. official said, "We will make up our mind after confirming changes" that are taking place in the political community.

However, a Kajima Corp. official said, "We will hand over donations if the party requests it" now that the Socialists are a member of the three-party coalition.

Business Leaders Welcome Drop

OW0709113195 Tokyo KYODO in English 0920 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Japanese business leaders welcomed on Thursday [7 September] the sharp drop in the aggregate of large-lot political donations to various parties.

The sum plummeted 44.2 percent to 2.74 billion yen in 1994 for the fourth consecutive year of declines, according to the parties' political funds reports released earlier in the day.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), said the drop reflects moves toward the end of money-based politics and progress in political reforms.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said he sees the dawning of an age in which politics is based on public subsidies and contributions by individuals.

Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), said contributions by individuals should be expanded to augment public subsidies.

Fujitsu Develops 4-Gigabyte Magneto-Optical Disk

OW0709095895 Tokyo KYODO in English 0837 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — The research unit of Fujitsu Ltd. announced Thursday it has developed a 3.5-inch magneto-optical disk with the world's largest memory capacity that enables the viewing of two-hour movies on a portable personal computer.

The rewritable disk will also enable production and editing of digital movies, Fujitsu Laboratories Ltd. said.

It said the single-sided version of the disk has a memory capacity of 2 gigabytes, 10 times the capacity of existing magneto-optical disks.

The double-sided version has a capacity of 4 gigabytes, equivalent to 4,000 conventional floppy disks, and is capable of recording up to two hours of moving video images.

The company said the new disk will become commercially available in two years.

North Korea

Foreign Ministry Seeks U.S. Response on Peace

SK0709104395 Pyongyang KCNA in English 1035 GMT 7 Sep 95

["Foreign Ministry Spokesman Urges U.S. To Respond to Establishment of New Peace Mechanism" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The United States must respond to establishment of a peace mechanism to eliminate the leftovers of the Cold War on the Korean peninsula, demanded a spokesman of the Foreign Ministry of the DPRK in a statement today.

The statement came to mark the 50th anniversary of U.S. military occupation of South Korea (September 8).

The spokesman said:

The Cold War has ended and the world moves toward peace and detente. There has been adopted a framework agreement between the DPRK and the United States. However, the two countries stand in political and military confrontation with each other and the situation has yet to be eased. The main reason is that the U.S. forces remain in South Korea.

Withdrawal of U.S. forces from South Korea and establishment of a new peace mechanism are what should be done before anything else to preserve peace and security and promote reunification on the Korean peninsula.

As far as the preservation of comprehensive peace on the Korean peninsula is concerned, there are problems between the North and the South of Korea and problems between the DPRK and the United States, as we have already stated.

Attaching primary importance to the establishment of a peace-keeping system between the North and the South, we had the "Agreement on Reconciliation, Nonaggression, Cooperation and Exchange Between the North and the South" adopted in December 1991, which constitutes an institutional mechanism guaranteeing nonaggression between the sides.

The articles on nonaggression in the agreement include nonuse of armed forces, peaceful solution to disputes, formation of the North- South Joint Military Commission and some other matters. The agreement also clarifies the mission of the Joint Military Commission for building military confidence and realising disarmament. So, putting the already arranged peace guarantee system into motion is all the North and the South have to do. What should be done now is that we and the United States, which keeps its troops in South Korea and is mainly responsible for the guarantee of peace in the Korean peninsula, set up a new peace mechanism.

The establishment of a peace mechanism between the DPRK and the U.S. is a matter of replacing the armistice system with a peace- keeping system.

If a legal and institutional mechanism for ensuring peace is established between the DPRK and the U.S., which holds the operational control of the army in South Korea, the situation of the Korean peninsula will be drastically relaxed and the implementation of the North-South agreement will make a progress. It will also decisively effect the fundamental improvement of the situation of northeast Asia and the Pacific region.

Daily Views U.S., South Officials' Talks

SK0709102595 Pyongyang KCNA in English
1017 GMT 7 Sep 95

["Provokers Bound To Be Punished" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The South Korean puppet defense minister and the U.S. defense secretary recently had "talks" in Hawaii and agreed to arrange a "security dialogue" to discuss the "orientation of development of South Korea-U.S. military alliance" for the purpose of coping with the DPRK's "military threat" and any "possible change" within the DPRK. This is the topic of a NODONG SINMUN commentary today.

The paper says:

The South Korean puppets have had one war confab after another with outside forces and maliciously slandered the North, which has made every possible effort for peace and peaceful reunification of the country. This is an intolerable provocation against and challenge to the North.

The warmaniacs' trite talk about the North's "military threat" is a brazen-faced false propaganda reminding one of the guilty party filing the suit first.

It is ridiculous of the U.S. and South Korean military bosses to cry for coping with any "possibility" within the North.

The "security dialogue" the puppets proposed to their master, the U.S., is a reversed version of a war confab. This only reveals their criminal intention to confirm the already drawn war plan against the North by holding war confabs with their master more frequently.

The nation will never pardon the Kim Yong-sam group of heinous traitors and warmongers who are interested only in huddles with outside forces to slay the fellow countrymen in the North, persistently turning their back on dialogue with the North for national reconciliation and unity.

We will never remain an onlooker to the fact that the U.S. conservative hardliners are seeking to stifle the DPRK in league with their war servants at a time when the DPRK-U.S. framework agreement is being implemented.

Our people and People's Army will not tolerate those trying to slay them and mete out a severe punishment on the provokers.

U.S.-South Decision To Maintain Pact Viewed

SK0709043595 Pyongyang KCNA in English 0413 GMT 7 Sep 95

["Ridiculous Act of Those With No Justification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — South Korean puppet Defence Minister Yi Yang-ho, in his recent "talks" with U.S. Defence Secretary William Perry in Hawaii, reportedly reaffirmed South Korea's position calling for a "solution to the replacement of the Armistice Agreement with a peace agreement by the authorities of the North and the South."

The South Korean puppets have never let a chance pass by without crying for a solution to the issue by the authorities of the North and the South.

They, who find themselves in quicksand, totally excluded from the DPRK-U.S. negotiations, pursue an ulterior purpose of justifying their acts and poking their nose into the issue of the establishment of a peace mechanism in a bid to balk at its solution and keep the Korean peninsula in the state of military confrontation.

This is illustrated by the fact that Yi Yang-ho and Perry stated they agreed again to "maintain the time-worn Armistice Agreement."

The Armistice Agreement in question has been left without any real meaning due to the U.S. unreasonable attitude.

The armistice system can be neither restored nor revived. There is no other choice but to replace it with a new system.

The only way of defusing tension and stopping confrontation in the Korean peninsula is to put an end to the state of the fragile armistice and set up a new peace mechanism.

From this point of view, the South Korean puppets' position suffices to show that they do not want peace and stability in the peninsula and seek the division and confrontation.

The United States must accept the demand of the Democratic People's Republic of Korea without delay, in keeping with the trend towards worldwide detente, instead of acceding to the South Korean puppets' demand and evading its obligation for the conclusion of a peace agreement with the DPRK.

South Staged 'War Exercise' Against North

SK0709050595 Pyongyang KCNA in English 0408 GMT 7 Sep 95

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The South Korean puppets on September 4 staged a war exercise against North, by introducing more than 400 fighters with the sky above the West Sea [Yellow Sea] of South Korea as an operation theatre when secret talks for war were taking place between the heads of the puppet military and the warmaniacs of the U.S. military on a Pacific island, according to military sources.

They mobilized more than 20 armed helicopters in the sky above Paju County in Kyonggi Province in the forefront area, and committed an aerial strike exercise on targets of our side on September 5.

105 mm and 106.7 mm artillery groups of the puppet army deployed in areas adjacent to the Demilitarized Zone of the western and central sectors of the front fired more than 300 shells and the puppet army soldiers with large-calibre machine guns and automatic rifles fired more than 1,000 bullets to incite confrontation on September 4 and 5.

South Forces Commit 'Reckless Provocation'

SK0609050395 Pyongyang KCNA in English 0414 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — The South Korean puppets on September 4 introduced more than 100 armed bandits and several 90 mm recoilless guns and 12.7 mm machine guns into the Demilitarized Zone in the western, eastern and central sectors of the front and they took a firing posture toward posts of our side, according to military sources.

The reckless provocation of the puppet army gravely threatened lives of soldiers of the people's army.

Dialogue Denounces Ulchi Focus Lens Exercise

SK0209072695 Pyongyang Korean Central Broadcasting Network in Korean 0850 GMT 31 Aug 95

[Dialogue between station reporters Chong Song-kang and Yi In-chun: "Brazen Remarks Increasing the Danger of War"]

[FBIS Translated Text] [Chong Song-kang] How are you? Today the dangerous "Ulchi Focus Lens-95" joint military exercise, which is aimed at invading the North, is being staged frenziedly in South Korea. With this provocative war exercise which is thoroughly aimed at invading our Republic, the situation on the Korean peninsula has been rendered to a more grave phase. At this very time, the traitor Kim Yong-sam, appearing at the site of the "Ulchi Focus Lens-95" joint military exercise, made absurd and violent remarks that since North Korea is reinforcing its military power and intensifying military exercises, full preparations should be made to deal with any provocative situation.

Such bellicose acts and remarks of the traitor Kim Yong-sam to instigate North-South confrontation and to render the situation on the Korean peninsula to tension is an intolerable challenge to our peaceloving people.

[Yi In-chun] Yes, you are right. The "Ulchi Focus Lens-95" joint military exercise is being staged in South Korea more frantically following the absurd, bellicose remarks of the Kim Yong- sam puppet clique. This was clearly shown during the northward aggressive war exercise staged on 28 and 29 August as part of this adventurous joint military exercise.

[Chong] Scores of airplanes based at U.S. Pacific Fleet and overseas bases flew in the skies above Sangdong and Chikto in South Korea every day along the operational zones for northward aggression, and ran amok with long-range aerial mobile strike exercises against important targets in areas along the eastern and western coasts in the northern half of the Republic with support from electronic-jamming aircraft.

On 29 August, the anti-submarine commanding aircraft flew from the U.S. imperialists' overseas base to the air above Kangnung in the East Sea of Korea [Japan Sea] and above the sea off Tokchok Island in the West Sea of Korea [Yellow Sea], and ran wild with anti-submarine searching and striking exercises while flying in the skies above these seas for a long time.

[Yi] That's right. In addition, on 28 and 29 August, they staged a large-scale aerial strike exercise, simulating a preemptive surprise attack on our Republic, in the sky above Wonju, Chechon and Oeyondo in South Korea as the operational stage. Mobilized in these fire-playing commotions, which were staged as part of the criminal "Ulchi Focus Lens-95" joint military exercise, were more than 500 combat fighter bombers, pursuit-strike airplanes, attacker airplanes and reconnaissance airplanes from the U.S. imperialists' 7th Air Force and the puppet Air Force.

Timed to coincide with this war exercise, scores of combat vessels and ships of the puppet navy were mobilized in the sea off Samchok in the East Sea of Korea on 28 and 29 August, and frenziedly staged a northward aggressive marine offensive operational exercise. Furthermore, on 29 August, puppet tanks, armored vehicles, artillery and mechanized infantry units ran amok with a northward aggressive operational exercise by taking combat positions in the areas of Kumpari, Paju County before our eyes, while firing several hundreds of shells from guns and rifles under the support of the puppet Air Force fighters.

[Chong] Today a dangerous situation is being created on the Korean peninsula in which a war may break out at any time due to the reckless aggressive war maneuvers by the Kim Yong-sam group.

The warmongers, who are attempting to set a fire on someone else's house, are instead shouting "Fire!" No act in the world is more shameless than this.

[Yi] As is known to all, we are making all possible efforts to open a turning point in national reunification in the nineties with unity of the whole country.

It is clear to anyone, even to a child, that our peaceloving efforts for reunification cannot be acts of war preparation. It is none other than the traitorous Kim Yong-sam group — the group of ugly war servants who are attempting to conduct a northward aggressive war provocation together with outside forces — that is running amok with northward aggressive war maneuvers by staging large-scale war exercises on the Korean peninsula and that is increasing armed forces by rejecting national reconciliation and unity.

However, no matter what smear and slanderous sophism the Kim Yong-sam group may adhere to in an attempt to shift onto others the responsibility for the criminal act of aggravating tension on the Korean peninsula and for increasing the danger of war, such sophism will not work with anyone in this bright world.

[Chong] You are certainly right.

[Yi] Why then did the traitor Kim Yong-sam loudly talk about nonexistent military threats by someone else, appearing at the war exercise site where the "Ulchi Focus Lens-95" joint military exercise was being staged frantically? This is simply because the South Korean youths, students and people courageously rose in the struggle to overthrow the Kim Yong-sam group, the vicious enemy of reunification. Frightened by this, the Kim Yong-sam group is scheming to suppress the spirit of struggle among the South Korean students and people by creating a warlike atmosphere in South Korean society, and to overcome the crisis in its rule by diverting attention elsewhere.

Moreover, the Kim Yong-sam group is attempting to justify its provocative northward aggressive war exercise with the claim about our military threats.

Precisely under this purpose, the traitor Kim Yong-sam busily went around sites of powder-reeking war exercise, and made such absurd provocative remarks reversing black and white.

[Chong] That is right. However, the traitor Kim Yong-sam's acts and remarks are like that of a thief shouting, "Stop, thief!"

The military threat comes, in actuality, from the South, not from the North. By bringing in numerous weapons from the United States this year, the Kim Yong-sam group ceaselessly frenziedly staged war exercises in the sky, on the land and in the sea under various codenames, such as "95 Coastal Landing Operation," "Freedom Banner-95" and the like.

[Yi] You are right. The traitor Kim Yong-sam, who babbled about improving North-South relations and reaching a national agreement on reunification, today is instigating war frenzy by abruptly changing his attitude.

This clearly shows that what he pursues is not North-South reconciliation and unity and reunification, but merely confrontation, war, and division.

The Kim Yong-sam group is attempting to find a way out of the crisis of the civilian regime, which is standing at the edge of a cliff, from North-South confrontation and war maneuvers. However, this is a last-ditch effort of those who have no future, and only accelerates its own downfall.

[Chong] That is right. Just as one who likes playing with fire is doomed to burn to death, the Kim Yong-sam group, which is running wild with war commotions, will face a miserable end without fail.

Detention, Prosecution of Pak Yong-kil Denounced

SK0709051495 Pyongyang KCNA in English 0405 GMT 7 Sep 95

["Unpardonable Treason" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The South Korean fascist clique on Sept. 6 detained and prosecuted Presbyter Pak Yong-kil, widow of Rev. Mun Ik-hwan, chairperson of the 70 million Korean people's meeting for embracing national unification and cochairperson of the family movement for realising democracy in South Korea, by invoking the notorious "National Security Law," a radio report from Seoul said.

The fascist clique took this measure because she visited the North to make a bow before the bier of the great leader President Kim Il-song on behalf of fellow countrymen in South Korea revering the president, the sun of the nation and the lodestar of the country's reunification, and to conduct just activities for the reunification of the country.

This is an unpardonable treason which means lacerating again the noble hearts of all the fellow countrymen of the North, South and abroad boundlessly revering the father of the nation and an intolerable challenge to the entire nation desirous of reconciliation, unity and reunification.

Students Protest Decision on Kwangju Incident

SK0709102095 Pyongyang KCNA in English 1011 GMT 7 Sep 95

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — A struggle continued across South Korea to protest against the decision not to prosecute the culprits of Kwangju massacre in May 1980, according to reports.

Students under the Taejon District Federation of General Student Councils thronged to the Taejon Prosecutors' Office and staged a demonstration, demanding the arrest and punishment of Chon Tu-hwan and No Tae-u, the murderers of Kwangju citizens.

More than 640 writers of the Council of National Literary Writers in a statement strongly demanded the punishment of the criminals of the Kwangju massacre.

Over 100 professors of Yongnam University in a statement called for instituting a special law and introducing a special prosecution system to punish those responsible for the Kwangju massacre.

And students and professors of Sangji University in South Korean Kangwon Province staged a demonstration and sit-in strike in demand of the cancellation of the unjust decision on dismissing the rector and the resignation of the reptile board of directors. Their struggle began from the end of August last.

Taxi unionists in Kwangju held a ceremony for declaring a strike on September 4 before entering into a strike for wage hike and right to existence.

Students Protest Over Kwangju Incident

SK0209101195 Pyongyang KCNA in English 0959 GMT 2 Sep 95

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — Some 500 students under the influence of the western part branch of the Seoul Regional Federation of General Student Councils held a rally at Myongji University, Seoul on Thursday [31 August], demanding the murderers of Kwangju be prosecuted and punished without delay, a Seoul-based radio reported.

The ralliers criticised the puppet prosecution for deciding not to charge those involved in the May 18 incident. They branded the decision as revealing the Kim Yong-sam regime's ulterior intention to justify and defend the Chon Tu-hwan-No Tae-u group's massacre of people.

They demanded that a special prosecution system be introduced to probe the truth of the incident and that the murderers be punished immediately.

'Fascist Clique' 'Suppresses Patriotic Soldiers'

SK0609045995 Pyongyang KCNA in English 0412 GMT 6 Sep 95

["Fascist Clique of South Korea Suppresses Patriotic Soldiers" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — The South Korean authorities issued warrants on September 4 to arrest sergeant So Yun-kun and three other soldiers of a puppet army unit, who were members of the "independent ranks" organisation, by invoking the "National Security Law", according to a radio report from Seoul.

So Yun-kun as a member of the "independent ranks" organisation at Usok College in Chonju from March to August of 1993 studied reminiscences of the great leader President Kim Il-song together with 20 members of the oragnisation.

He worked as chairman of the organisation, installed a mourning place and organised a memorial service to express condolences over the death of President Kim Il-song in July last year.

The fascist clique is trying to arrest and punish them, on the charge of it.

Presbyterian Leaders Urge Probe Into Incident

SK0609054195 Pyongyang KCNA in English 0432 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — More than 550 reverends and evangelists under the Christian Presbyterian Church of South Korea held a press conference at a Christian Hall in Seoul on September 5, at which they urged the probe into the truth behind the suppression of the Kwangju popular uprising held in May 1980 and the punishment of the murderers, according to a radio report from Seoul.

A statement was published at the press conference. It said the present "regime's" decision not to prosecute the prime movers of the May 18 Kwangju massacre is an act against history.

It demanded the Kim Yong-sam "regime" accept the call for introducing a special prosecution system and instituting a special law and make a full probe into the truth behind the Kwangju incident, so that the distorted truth may be corrected.

The religionists in their statement renewed their vow to devote themselves to national reunification, and said that they will do their best for arrest and prosecution of the chief culprits of the Kwangju massacre as the first step.

Talk Views South's 'Military Provocations'

SK0709062895 Pyongyang Korean Central Broadcasting Network in Korean 0852 GMT 6 Sep 95

[Unattributed talk: "Serious Commotions of Military Provocation by the Puppets"]

[FBIS Translated Text] The Kim Yong-sam ring is extremely straining the situation in our country, continually perpetrating acts of military provocation running counter to the nation's aspiration for peaceful reunification. This is well revealed by the recent maneuvers of the South Korean puppets perpetrating grave military provocations against us in the areas of the Military Demarcation Line [MDL] and the DMZ.

As has already been reported, the South Korean puppets on 1 September brought a 90-mm recoiless gun and a 12.7 mm large-caliber machine gun to a military police guard post in the DMZ in the central front. The puppets placed these heavy weapons on the right and left ridgeline of the military police guard post. Taking an aiming and shooting position for a long time at the civilian police guard post of our side on the other side, they seriously threatened the life of the members of our civilian police.

Around 1200 [0300 GMT] on that day, the murderous puppet army rascals, who trooped into the DMZ in the eastern front with machine guns and automatic rifles, went around inspiring an atmosphere for confrontation.

In the meantime, on the same day, the South Korean puppets made commotions, bringing some 20 military vehicles loaded with a group of fully-armed puppet army troops and murder equipment into the DMZ in the central front.

Prior to this, on 31 August, the South Korean puppets illegally brought a 90-mm recoiless gun and a 12.7-mm large-caliber machine gun into the DMZ in the central front. Installing them in front of us openly in broad daylight, they aimed at the soldiers of our People's Army and took a shooting position at them for a long time, thus seriously threatening their personal security.

On the same day, the puppets brought the murderous puppet army rascals fully armed with a machine gun and automatic rifles into the DMZ south of the MDL marker 0579, enveloping this area with a savage warlike atmosphere.

The South Korean puppets committed a grave military provocation in the DMZ in the western front. For instance, on 22 August, when they were frantically conducting the extremely dangerous Ulchi Focus Lens-95 joint military exercise, the murderous puppet army rascals armed with a machine gun and automatic rifles trooped into the DMZ east of the MDL marker 0024. Taking a combat position in this area, they aimed at the soldiers of the People's Army who were on normal duty, thus frenziedly engaging in a war rehearsal.

These acts of military provocation perpetrated daily in the DMZ, in areas including those in the central and western front, are the Kim Yong-sam ring's intentional and premeditated maneuvers to stage some shocking incident and to perpetrate military adventure under that pretext, and prove that their war frenzy has reached an extreme degree.

The Kim Yong-sam puppet clique, which is desperately engaged in military provocation maneuvers against us in the MDL area and DMZ, is conducting war rehearsal for northward invasion daily in the skies, on the ground, and on the sea.

It has already been known that some time ago, the South Korean puppets, with foreign forces, conducted the Ulchi Focus Lens-95 joint war rehearsal. The Ulchi Focus Lens-95 war rehearsal was a thoroughly aggressive, provocative war rehearsal for northward invasion. This is well revealed by the war rehearsal commotions they committed on 28 and 29 August when the Ulchi Focus Lens-95 joint military exercise was held.

A formation of the antisubmarine command plane, which flew from an overseas base into the sky over Kangnung in the East Sea of Korea and into the sky over the West Sea of Korea off Tokchokto, flew around over the sea in this area for a long time, frantically conducting submarine search and strike exercises.

On 28 and 29 August, the U.S. imperialists and the puppets conducted a large-scale aerial war rehearsal for a premeditated surprise strike on our Republic in the skies over South Korea's Chechon, Wonju, and Oeyondo as an operational stage. Participating in this commotion of a fire game which was conducted as part of the criminal Ulchi Focus Lens-95 joint military exercise were some 500 fighter-bombers, pursuit and assault planes, assault planes, and reconnaissance planes from the U.S. Seventh Air Force and the puppet air force.

The tens of the puppet army combat ships dispatched to the East Sea of Korea off Samchok were frantically engaged in the marine offensive operation for northward invasion.

The puppet army tanks, armored vehicles, and mechanized artillery and infantry units formed a combat position in the area of Kumpa-ri, Paju County, which is in front of us, on 29 August frantically engaged in an offensive operation for northward invasion, firing hundreds of rifle bullets under the support of the fighters from the puppet air force.

As facts show, the Ulchi Focus Lens-95 joint military exercise was tantamount to a war rehearsal for northward invasion. The military provocation commotions for northward invasion committed daily by the U.S. imperialists and the South Korean puppets in the skies, on the ground, and in the sea of South Korea create an atmosphere like that on the eve of a war, and this is very serious.

Because of the South Korean puppets' reckless and aggressive war maneuvers, a dangerous situation is created on the Korean peninsula in which a war could break out at any time. The officers and men of our heroic People's Army and all our people are keenly watching every movement of theirs now. If the Kim Yong-sam ring continues to lead the situation to a grave explosive stage with foreign forces despite our repeated warning, they will die in the fire they themselves set.

Kim Il-song Literature Scattered in South

SK0709101395 Pyongyang KCNA in English 1000 GMT 7 Sep 95

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — Copies of literature with a portrait of the great leader President Kim Il-song were scattered in the central district of Chonju city, North Cholla Province, on the morning of August 15, the 50th liberation day, and they further aroused yearning and feeling of reverence for him among people, according to Seoul-based radio Voice of National Salvation quoting an information of the North Cholla provincial Committee of the National Democratic Front of South Korea (NDFSK).

Printed on the top of the front page of the literature in the name of the April 15 Fellowship Society was a portrait of President Kim Il-song with a broad smile and written in the lower part were "President Kim Il-song, benefactor of national liberation and patriot peerless for all ages, is always with us".

Seen on the back page of the literature were words "Let us achieve reunification, our desire, in singlehearted unity of the entire nation under the guidance of the leader Kim Chong-il true to the behests of President Kim il-song for reunification in the 90s."

CPPCC Delegation Arrives in Pyongyang

SK0609213695 Pyongyang KCNA in English
1514 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — A delegation of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] led by its Vice- President Wan Guoquan arrived here today.

It was met at the airport by Yu Ho-chun, director of the Secretariat of the C.C. [Central Committee], the Democratic Front for the Reunification of the Fatherland, Sin An-pang, vice-chairman of the Pyongyang Municipal Administrative and Economic Committee, and Sui Xudong, charge d'affaires ad interim of the Chinese Embassy in Pyongyang.

CPPCC Delegation Visits Mansu Hill 6 Sep

SK0709044895 Pyongyang KCNA in English
0402 GMT 7 Sep 95

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — A delegation of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] led by its Vice-chairman Wan Guoquan laid a floral basket and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill on September 6.

Hwang Chang-yop Meets Liaoning Delegation

SK0609213495 Pyongyang KCNA in English
1515 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — Secretary of the Workers' Party of Korea Central Committee Hwang Chang-yop today met and had a friendly talk with a delegation of the Liaoning provincial committee of the Communist Party of China led by its Deputy Secretary Wang Huaiyuan at the Mansudae Assembly Hall.

Ministry Hosts Reception for Music Group

SK0209103495 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 30 Aug 95

[FBIS Translated Text] On the evening of 29 August, the PRC Ministry of Culture hosted a reception at the Beijing Exhibition Hotel for the Pyongyang Wangjaesan Light Music Ensemble, which wound up its performances in Beijing and will depart for local performances. Invited to the reception were members of the Pyongyang Wangjaesan Light Music Ensemble, headed by Kwon Hyok-pong, and Chu Chang-chun, our country's ambassador to the PRC.

Vice Minister of Culture Xu Wenbo and other functionaries concerned were present at the reception.

Vice Minister of Culture Xu Wenbo and Kwon Hyok-pong, head of the ensemble, exchanged speeches at the reception.

Noting that Comrade Jiang Zemin, general secretary of the CPC Central Committee and state president, saw the performance and met with leading members, actors, and actresses of the Pyongyang Wangjaesan Light Music Ensemble on 27 August, Vice Minister of Culture Xu Wenbo said this shows the Chinese party and government deeply values their bilateral relations and traditional friendship. He wished the Pyongyang Wangjaesan Light Music Ensemble great success in future performances.

The participants at the reception toasted to the eternal life of the great leader Comrade Kim Il-song; to the good health and long life of the great leader [yongdoja] Comrade Kim Chong-il; to the good health and long life of respected Comrade Deng Xiaoping, Comrade Jiang Zemin, and other PRC leaders; and to friendship and unity between the DPRK and PRC peoples as well as between the artists of the two countries.

Earlier in the day, members of the Pyongyang Wangjaesan Light Music Ensemble had looked around Lihuazhuang, which has a spectacular view, and had a good time. The ensemble also went up to the relay tower of the Central Television Broadcasting Station, which is located in western Beijing, and saw a panorama of the capital.

Nanjing Fetes Wangjaesan Light Music Ensemble

SK0709104795 Pyongyang Korean Central Television Network in Korean 1100 GMT 4 Sep 95

[FBIS Translated Text] On 31 August, Chen Huanyou, secretary of the Jiangsu Provincial CPC Committee, and Zheng Silin, governor of the Jiangsu Provincial People's Government, met with staff members and major artists of the Pyongyang Wangjaesan Light Music Ensemble led by Kwon Hyok-pong. The participants in the meeting conversed in a warm atmosphere.

On the evening of 31 August, the Jiangsu Provincial CPC Committee and the Jiangsu Provincial People's Government hosted a banquet to welcome the Pyongyang Wangjaesan Light Music Ensemble. Speeches were delivered at the meeting.

On 1 September, the light music ensemble visited the Nanjing Changjiang Grand Bridge and the Tomb of Sun Yat-sen. Some members of the Pyongyang Wangjaesan Light Music Ensemble held a roundtable talk at the People's Theater in Jiangsu with renowned artists.

Wangjaesan Ensemble Performs in Changzhou

*SK0709102395 Pyongyang KCNA in English
1008 GMT 7 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The Pyongyang Wangjaesan Light Music Ensemble on a visit to China was warmly welcomed in Changzhou, Jiangsu Province, China.

The Korean artistes caused big repercussions during their performances in Tianjin, Beijing and Nanjing. In Changzhou, they put on the stage national and modern songs, dances, instrumental music and other colorful numbers.

The dances "Dancing Dolls" and "Guests From Comet" with humourous rhythms and movements were highly acclaimed by the spectators for their peculiar plots and wonderful ensemble.

The Korean artistes well sang the Chinese songs "My Dear Native Place", "Gift of Love" and "Party, Dear Mother" in Chinese and the instrumental music and song "Song of Red Women's Company" (Chinese song) and the instrumental music duet and song "Nanniwan" (Chinese song) were also highly applauded by the spectators.

Congratulatory Group of Koreans in Japan Arrives

*SK0509231295 Pyongyang KCNA in English
1505 GMT 5 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — Congratulatory group of Korean residents in Japan to celebrate the 47th founding anniversary of the DPRK led by O Hyong-chin, vice- chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, arrived here today.

The group was greeted by Kim Yong-son, Chang Chol and other officials concerned at the airport.

Group of Koreans From Japan Visits Monument

*SK0609053095 Pyongyang KCNA in English
0427 GMT 6 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — A congratulatory group of Korean residents in Japan to celebrate the 47th founding anniversary of the DPRK led by O Hyong-chin, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, called at the statue of the great leader President Kim Il-song on Mansu Hill and laid bouquets and paid homage to him on September 5.

Chongnyon Members Visit Kumsusan Palace

*SK0709045095 Pyongyang KCNA in English
0401 GMT 7 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — A congratulatory group of Korean residents in Japan to celebrate the 47th founding anniversary of the DPRK led by O Hyong-chin, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), on September 6 visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and paid homage to him.

It was accompanied by Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea.

Members of the group made deep bows before President Kim Il-song who is laid in state.

O Hyong-chin wrote in the visitor's book that the great leader Generalissimo Kim Il-song gave them the most valuable political life in the world and the pride of true life and struggle and that they would bear deep in mind the iron faith given by him and powerfully struggle, holding the great leader Marshal Kim Chong-il in high esteem.

Meanwhile, a delegation of Chongnyon officials headed by Kim Ok- chon, home-visiting groups of students of Korean University of Chongnyon respectively led by Ko Hyon-chon, Sin Hyon-sop and Hwang Chol-hong, the 244th short-term home-visiting group of Koreans in Japan and other delegations and visiting groups of Chongnyon and Koreans from Japan staying in the socialist homeland also visited Kumsusan Memorial Palace and paid the noblest homage to the president.

Kim Chong-il Thanks Anti-Japanese Fighters

*SK0609054395 Pyongyang KCNA in English
0443 GMT 6 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to Kang Wi-yong, Kim Ok-sun and other anti-Japanese revolutionary fighters, those related to the anti-Japanese revolutionary struggle and their families for their active assistance to the soldiers who took part in the laying of the tramcar line of Kumsong Street leading to Kumsusan area of Pyongyang.

Comrade Kim Chong-il also thanked Kim Sung-chol, an official of the Pyongyang Municipal Committee of the Workers' Party of Korea, many other officials and working people for taking warm care of orphans and old people without supporters as they would their own with noble communist humanity.

He also sent thanks to the employees of the Pyongyang general daily necessities factory for good things they did for the rising generation.

Daily Views Anti-Chongnyon Campaign in Japan

SK0709065995 Pyongyang KCNA in English 0427 GMT 7 Sep 95

["Anti-Chongnyon Campaign Must Be Discontinued" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — Recently, a Japanese rightist gang reportedly drove several large propaganda cars to the central hall of the General Association of Korean Residents in Japan (Chongnyon) and heaped abuses on Koreans with megaphones.

In late August, Japanese rightwingers shot and injured a clerk of the Tokyo Credit Association of Korea Bank of Chongnyon and robbed him of a large amount of money.

Commenting on the grave incidents, MINJU CHOSON today says:

We take a serious view of the anti-DPRK, anti-Chongnyon campaign which has been continued at a time when the resumption of the DPRK-Japan talks for the normalization of bilateral relations is being brought to maturity.

The Japanese people are demanding the improvement of the DPRK-Japan relations.

It is the DPRK's consistent stand to promote friendship with them.

However, difficulties have been cropping up in the improvement of the bilateral relations due to the ceaseless anti-DPRK, anti-Chongnyon campaign by the Japanese rightwingers.

If the Japanese authorities truly want to improve the relations, they must hold the police authorities responsible for conniving at and fostering the rightwingers' outrageous acts and sternly punish them. They must also take a strict measure to prevent the recurrence of such incidents so as to defend Chongnyon by law.

If such incident occurs again to gravely affect the DPRK-Japan relations, the Japanese authorities will have to be held wholly responsible for the consequences.

We will never remain an onlooker to any provocation against Chongnyon, a dignified organization of overseas citizens of the DPRK, and the Korean residents in Japan.

Seminar on Japanese, Korean History Held

SK0609150595 Pyongyang KCNA in English 1500 GMT 6 Sep 95

[FBIS Transcribed Text] Tokyo, September 4 [date as received] (KNS-KCNA) — A seminar on history of Japan and Korea was sponsored by the Japan-Korea Society for Scientific and Educational Interchange on August 31.

The lecturer and speakers at the seminar strongly demanded that the Japanese Government pay important attention to the history of colonial rule during which it massacred and forcibly drafted Koreans and gave them misfortunes and hardships such as forced labour and sexual servitude as "comfort women for the army" in the past and apologize and compensate them.

They stressed that it is an urgent task facing the field of education of Japan to give up unjust examination of textbooks and wage active movement to correctly teach the history of the relations between Japan and Korea for right education on history for new generations and invigorate the fact-finding activities on forcible drafting of Koreans.

An appeal was adopted at the seminar.

It calls for strengthening interchange for practice of education of history between educational workers of Japan and Korea and waging the movement for early realization of Japan-Korea diplomatic relations and the solidarity movement for the independent and peaceful reunification of Korea.

Kim Chong-il Writings Published in Russia

SK0609045895 Pyongyang KCNA in English 0410 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — The full text of the great leader Comrade Kim Chong-il's famous work "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism" was carried by No. 2 (special issue) of 1995 of Bolshevik, the organ (magazine) of the Central Committee of the All-Union Communist Party of Bolsheviks on the occasion of the 47th anniversary of the foundation of the Democratic People's Republic of Korea.

The cover of the special issue is designed as a booklet.

It printed a portrait of Comrade Kim Chong-il.

Referring to the publishment of the work, Nina Andreyeva, general secretary of the Central Committee of the party, said that the work recently published by Comrade Kim Chong-il is a precious one which has made a particular contribution to socialism and is a work which is of very important significance for her party.

Therefore, our party instructed all its organizations to study and discuss the work, she added.

Sihanouk Calls Kim Chong-il 'Great Man'

SK0609052995 Pyongyang KCNA in English 0422 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — "His Excellency Kim Chong-il is the most outstanding great man among leaders of the world for his great idea, distinguished leadership and noble virtues and a great master of art as well," said Cambodian King Norodom Sihanouk, when he met the DPRK ambassador to Indonesia, during his visit to the country.

He said:

"Although the most respected President Kim Il-song passed away last year to our sorrow, Korea's support and cooperation to me and the Kingdom of Cambodia have been carried forward a hundred percent and developed in all domains by his excellency respected Kim Chong-il."

"This is, no doubt, because his excellency most respected Kim Chong-il is standing as the supreme leader of Korea." "We hope that the Korean people will win brilliant victory in building the country and accomplishing the cause of reunification under the wise leadership of His Excellency Most Respected Kim Chong-il."

French Decision To Resume Nuclear Testing Noted

SK0709105495 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 6 Sep 95

[FBIS Translated Text] According to reports, France recently hinted at the Europeanization of its nuclear forces while defending its decision to resume nuclear testing.

According to the French newspaper LIBERATION, at a meeting of French ambassadors to various countries, French President Chirac proposed providing France's nuclear deterrent force to the EU and including France's nuclear weapons in the European defense system. He also stated that the seven to eight nuclear tests that will be conducted in the South Pacific beginning in September will be France's last nuclear tests. Chirac asked the ambassadors to convince various countries about the justness of the French decision to resume nuclear testing. Chirac also stated that he would discuss with EU members at an appropriate time the Europeanization of France's nuclear forces.

Meantime, Germany immediately supported the French proposal to expand the French nuclear umbrella to the EU contrary to its previous denunciation of the French decision to resume nuclear testing. A spokesman for the German Foreign Ministry said it would welcome France's determination not to limit its nuclear deterrent forces to its own territory, and fundamentally welcomed the French proposal.

In connection with this, YOMIURI SHIMBUN of Japan reported that the Europeanization of the French nuclear forces had become an agenda issue up for French-German deliberation, and this might lead to Germany's recognition of French nuclear testing. The newspaper also reported that the French proposal was considered to be a diplomatic tactic to win support from various EU member countries for the decision to resume nuclear testing.

Mauritian Delegation Arrives in Pyongyang

SK0509213395 Pyongyang KCNA in English 1504 GMT 5 Sep 95

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — A delegation of the Mauritius Communist Party led by its First Vice- chairman Boodhun Rudul Kumar [name as received] arrived here today.

It was greeted at the airport by Yim Sun-pil, vice-director of a department of the Central Committee of the Workers' Party of Korea.

Mauritian Delegation Visits Kim Il-song Statue

SK0609053295 Pyongyang KCNA in English 0438 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — A delegation of the Mauritius Communist Party led by its first Vice-Chairman Budhun Rudul Kumar visited the statue of the great leader President Kim Il-song on Mansu Hill on Tuesday to lay a bouquet of flowers and make a bow.

Talks With Mauritian Party Leaders Held

SK0609214095 Pyongyang KCNA in English 1512 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — Talks between the delegations of the Workers' Party of Korea [WPK] and the Mauritian Communist Party were held here today.

Present at the talks on the Korean side were a deputy department director of the WPK Central Committee, Yim Sun-pil, and officials concerned and on the opposite side were the members of the delegation headed by

Boodhun Rudul Kumar [spelling of name as received], first vice-chairman of the Mauritian Communist Party.

At the talks the two sides informed each other of their party activities and discussed on the matter of further developing friendly relations between the two parties.

The talks proceeded in a comradely and friendly atmosphere.

Palestinian Envoy Holds Party Marking Birthday

SK0709053595 Pyongyang KCNA in English 0419 GMT 7 Sep 95

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — Ibrahim Muhammad, Palestinian ambassador to Korea, gave a party on Wednesday to mark the 47th birthday of the Democratic People's Republic of Korea.

Addressing the party, the ambassador said that the great leader Comrade Kim Il-song devoted all his life to the country and the people. "He founded the powerful state and party and stood Korea in ranks of advanced nations," he added.

"Korea has become a model of all nations the world over," he noted, and said:

"The great leader Comrade Kim Il-song gave all possible support and aid to all the people struggling for justice, peace and national independence, and especially to the Palestinian Arab people, standing on their side since the start of the Palestinian revolution.

"The Korean people are now making great achievements in all fields under the wise guidance of the great leader Comrade Kim Chong-il.

"The Palestinian people will keep in their mind the deepest reverence for the great leader Comrade Kim Il-song and high respect and reverence for the great leader Comrade Kim Chong-il."

Kim Yong-nam, vice-premier and minister of foreign affairs, said in his speech:

"Our Republic which holds the immortal fatherly leader Comrade Kim Il-song in high esteem and remains intensely loyal to the wise leadership of the great General Kim Chong-il, will prosper as the eternal Kim Il-song country and our nation will demonstrate its honor as the eternal Kim Il-song nation."

"Respected General Kim Chong-il has extended full support and encouragement to the Palestinian people, always paying deep attention to their struggle," Kim Yong-nam noted, saying:

"We will as ever make every possible effort to develop the friendly and cooperative relations between the two countries fostered by the great leader Comrade Kim Il-song and esteemed comrade President Yasir 'Arafat and invariably stand on the side of the Palestinian people till the Palestinian revolution is won."

Libyan Envoy Hosts Libyan National Day Party

SK0609054295 Pyongyang KCNA in English 0440 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — Ramadan Muhammad al-Ra'ubi, acting secretary of the People's Committee of the People's Bureau of the Great Socialist People's Libyan Arab Jamahiriya in Korea, hosted a party at the Ognyu Restaurant on September 5 on the occasion of the 26th anniversary of the great September first revolution in Libya.

Invited to the party were Yang Hyong-sop, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chairman of the Supreme People's Assembly, officials concerned and foreign diplomatic envoys here.

Participants in the party observed a moment's silence to honour the memory of the great leader President Kim Il-song.

Speeches were exchanged at the party.

Kim Chong-il Praises Journalists, Sends Gifts

SK0709055495 Pyongyang KCNA in English 0422 GMT 7 Sep 95

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The great leader Comrade Kim Chong-il commended journalists of NODONG SINMUN for distinguished example they set in writing editorials and articles and sent gifts.

Editorial writer No Yong and Department Director Song Chae-sun have worked with the NODONG SINMUN for a long time, wrote a lot of editorials and articles on the validity and vitality of the chuche idea and made a great contribution to the cause of modelling the whole society on the chuche idea.

Comrade Kim Chong-il recently read articles written by them and noted with deep satisfaction that they write articles very well. And he did them great favours that should be handed down generation after generation.

A meeting conveying commendation and gifts from Comrade Kim Chong-il took place at the People's Palace of Culture on September 6.

A decree of the Central People's Committee of the Democratic People's Republic of Korea was read out at the meeting. And then "Kim Il-song Prize" and the title of people's journalist were awarded to No Yong.

Gifts from Comrade Kim Chong-il were conveyed.

A diploma of commendation of Comrade Kim Chong-il was awarded to Song Chae-sun.

Kim Chong-il Sends Wreath to Bier of Professor

SK0209101395 Pyongyang KCNA in English 1000 GMT 2 Sep 95

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — The great leader Comrade Kim Chong-il today sent a wreath to the bier of candidate academician, doctor and professor Yi Ho-im, who was advisor to Namsan Hospital, expressing deep condolences.

Relief Materials Given to Flood-Stricken Areas

SK0209141895 Pyongyang Korean Central Television Network in Korean 1100 GMT 2 Sep 95

[FBIS Translated Text] Meetings to deliver relief material sent by Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, to flood victims in Huichon and Unpa County were held on the respective spot.

In the meetings, the relief material sent by the great leader [yongdoja] Comrade Kim Chong-il was delivered first, followed by discussions. Those who participated in the discussions unanimously said the great love rendered to them today is the parental love that could only be given by the great leader [yongdoja] Comrade Kim Chong-il who conducts politics of benevolence with the noble idea of "believing in the people as in heaven."

They stressed that it is their duty to repay the great benevolence and care endowed upon them with loyalty based on an iron-willed faith that they will be invincible as long as the respected and beloved General Kim Chong-il exists.

They made a firm resolution that they will be loyal to the respected and beloved General Kim Chong-il to the end by devoting their entire life, and will vigorously strive for the enrichment and prosperity of our country, our fatherland.

Educators, Students Pay Respects to Kim Il-song

SK0609052795 Pyongyang KCNA in English 0425 GMT 6 Sep 95

[FBIS Transcribed Text] Pyongyang, September 6 (KCNA) — Educationists and students across the country on Tuesday laid baskets of flowers before statues of the great leader President Kim Il-song on day of education (September 5).

Laid before the statue of President Kim Il-song on Mansu Hill here were floral baskets and bouquets in the name of the State Education Commission and teachers and students from universities and colleges, senior middle and primary schools.

The participants made deep reverences to the respected leader President Kim Il-song.

Meanwhile, a large number of students visited his statues at Kim Il-song University, Mangyongdae Revolutionary School, Changdok School, Taedongmun Primary School and in other places of Pyongyang to express their deep reverence for the respected leader.

On the same day, educationists and students laid baskets and bunches of flowers before statues of President Kim Il-song in local areas and made a deep bow.

Kim Il-song's Work Studied Overseas

SK0709101795 Pyongyang KCNA in English 1005 GMT 7 Sep 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The great leader President Kim Il-song's reminiscences "With the Century" was studied and disseminated in different countries.

A seminar on the reminiscences "With the Century" Part 1-The Anti-Japanese Revolution Vol. 1 was held by the Nepalese National Committee To Remember the Great Leader Comrade Kim Il-song.

Chairman of the committee C.P. Mainali said in his speech:

"The more I read the reminiscences, the more I am impressed by it. What impressed me most is the great human love of Comrade Kim Il-song.

"We wish Comrade Kim Chong-il, who is carrying forward the revolutionary cause started by Comrade Kim Il-song with an irresistible yearning for him, a long life in good health and greater success in the noble work for the country's reunification and socialist construction."

Former MP [member of parliament] Sindunar Bokrel said in his speech that reading the reminiscences of His Excellency Kim Il-song he felt that the book is most excellent and profound in content in the world. His reminiscences is valuable records of the world that all the people of the world should read and learn, said the former member of parliament.

Keshar Jung Rayamijy, chairman of the Democratic Socialist Party of Nepal, said in his speech that Comrade

Kim Il-song is the only leader who founded the most correct guiding idea, liberated the country through the arduous struggle against formidable imperialism and set up a state of people. For today as well as for tomorrow we must widely disseminate the reminiscences of Comrade Kim Il-song, he said.

A seminar, appreciative expressions and reading sessions were held by the Benin-Korea Amicable Association Long Live General Kim Chong-il," supreme leader [sentence as received], the League of Communists of Yugoslavia and the Theory and Practice Centre of Kimilsongism in Zimbabwe and at the Cultural Centre in Cairo, Egypt.

Branch of Primary School Opens for Children

SK0209100995 Pyongyang KCNA in English 1002 GMT 2 Sep 95

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — A new branch of the primary school attached to Yangsil University was built on Nap Islet on the West Sea [Yellow Sea] of Korea and opened on Friday [1 September].

There are three children on this lighthouse islet.

The great leader Comrade Kim Chong-il, who always pays deep attention to education of the younger generation, took care that a branch school was built on the islet for those children.

Five pupils, including children of the teacher, now attend the school, which is equipped with good educational tools, visual aids, samples of animals and plants and all other teaching materials.

Wherever they live, school-age children of Korea study to their heart's content with nothing to worry about because there are branch schools even for a few pupils in different parts of the country.

Urban Citizens Resettle in Rural Areas

SK0209112395

[FBIS Editorial Report] The following is a compilation of news reports carried by Pyongyang Korean Central Television Network in Korean on urban citizens resettling in rural areas.

At 1100 GMT on 30 August, Pyongyang Television carried a one-minute report about a meeting being held on the spot to deliver Kim Chong-il's thanks to Yang Hyong-sik, director of the Kaesong Municipal Statistics Bureau, "who voluntarily ventured to a socialist rural area." The report stated that Yang Hyong-sik "voluntarily advanced to the rural area with his family, possessing the resolve to glorify our party with rice and uphold the party's agriculture-first policy."

Pyongyang Television then carried a two-minute report on Sin U- chun, Pak Hyon-u, and So Min-kuk, all of whom worked at the Koryo Service Management Bureau and moved to farms in Kangwon Province along with their families. During an interview, Pak Hyon-u said: "By producing more rice, I will give happiness to the respected and beloved general and will make a firm resolution to turn Yoha-ri, Poptong County, into an ideal communist land where it is good to live."

This report was followed by a one-minute report stating that Yim Chong-chol, an officer of the Chagang Provincial Security Bureau, moved to Hyangha Cooperative Farm in Changgang County along with his family. Yim resolved to achieve a bumper crop by becoming "a true loyal servant and filial son" of Kim Chong-il.

At 1100 GMT on 31 August, Pyongyang Television carried an under-one-minute report on Kim Un-suk, a doctor at the Recovery Treatment Department of Kim Man-hyok Hospital, moving to Samchon Mine along with her husband. Kim resolved to make deep roots in Samchon Mine, thus providing happiness to Kim Chong-il.

Pyongyang television then carried another under-one-minute report stating that Kim Yong-su, a teacher at Pyongyang University of Mechanical Engineering, voluntarily ventured to a farm in Munhwa-ri, Kowon County, South Hamgyong Province, along with his family. Kim resolved to "uphold General Kim Chong-il's leadership with rice."

Day of Education Observed 5 Sep

SK0509231395 Pyongyang KCNA in English 1503 GMT 5 Sep 95

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — In the Democratic People's Republic of Korea September 5 is observed as day of education to commemorate the anniversary of the publication of the famous work "Theses on Socialist Education" by the great leader President Kim Il-song on September 5, 1977.

On this significant day, the educationists and students recollect the immortal feats performed by the great leader President Kim Il- song and the great leader Comrade Kim Chong-il in developing the education of chuche in the DPRK.

Since the theses of socialist education was published, the nation's education has developed rapidly under the wise leadership of President Kim Il-song and Comrade Kim Chong-il.

With universal eleven-year compulsory education completely introduced in the country, all the children enjoy secondary general education. One-fourths of the population study at schools of various levels at the state expense.

The country is successfully accelerating the intellectualization of the whole society, regarding it as the general goal of education.

Several universities and colleges are built in the country every year. Upon the beginning of the new school year, 21 universities and colleges have made their appearance. So, there are hundreds of universities and colleges in the country where there was no university before the liberation.

The DPRK appropriates a large sum of fund for education every year with priority always given to it. Entering the 1990s, the state expenditures for education have increased more than 5.7 percent on a yearly average.

Some time ago, a branch school began serving only five children of a small beacon islet on the West Sea.

A considerable development has been made in scientific and technical education.

The first senior middle schools in all provinces, cities and counties are models in the efforts to further improve secondary general education and put the nation's science and technology on the world level in a short period.

Over the past ten years, hundreds of associate doctors, candidate associate doctors and winners of international patents and scores of international Olympic medalists have been produced among the students of the first senior middle schools throughout the country and their graduates.

Higher education makes it possible to successfully rear scientists and technicians necessary for the development of modern science and technology with the efforts of the nation and the chuche-orientation, modernization and scientization of the national economy.

When the nation was liberated, the country had no more than ten scientists and technicians of its own. Now the number of scientists and technicians reached 1,730,000. This means that the country has more than one technician or expert per six labourers.

Power Station Overfulfills Daily Plans

SK0609052495 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 5 Sep 95

[FBIS Translated Text] In hearty response to the party's revolutionary economic strategy, the electricity producers of Changjingang Power Station have been normalizing production at a high level in September with the spirit which they displayed in overfulfilling the August plans. The electricity producers of the power station are well carrying out facility management and technological management in compliance with the actual conditions and operating generators at full capacity.

In particular, the electricity producers of the First and Second Generator Shops are earnestly carrying out facility management and efficiently operating generators and, thus, sending much electricity to various sectors of the people's economy.

They, who overfulfilled their production plans last month, are overfulfilling their daily electricity production plans by 5 percent.

Development of Light Industry Under WPK Viewed

SK0709103795 Pyongyang KCNA in English 1027 GMT 7 Sep 95

["'50 Years Under Banner of WPK' (6); Comprehensively Developed Light Industry" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — Korea has an independent and uptodate solid light industry furnished with all domains including textile, food-processing and daily necessaries industries.

Today, the nation's light industry is fully meeting the daily growing demands of the people for consumer goods by its own efforts.

This is a result of the wise leadership of the Workers' Party of Korea [WPK].

When the country was a colony of the Japanese imperialists, Korea's light industry was very insignificant.

At that time, per-capita textile output was only 14 centimetres. On top of it, it could not make such goods as pencils, pen points and combs.

The light industry entered a new road of development along with the building of a new country after the country was liberated on August 15, 1945.

However, it was totally destroyed during the three-year-long war started by the U.S. imperialists (June 1950-July 1953).

After the ceasefire, the drive was forcefully pushed forward to implement the WPK's chuche-based policy on building a light industry. Thus, new leaps and upswing have been effected in the light industry.

The great leader Comrade Kim Il-song said:

"In developing the light industry, our party pursued a policy of simultaneously developing large-scale, centrally-run industries along with the medium- and small-scale local industries."

In a short period after the ceasefire, the Pyongyang Textile Combine was rebuilt, the Kusong Textile Mill was built and expanded and many other textile, food-processing, shoe-making and daily necessaries factories made their appearance. As a result, the foundations of light industry have been laid and the output of mass consumer goods markedly increased as against the pre-war period.

The plenary session of the Central Committee of the Workers' Party of Korea which was held in June 1958 marked an epochal occasion in the development of the light industry. At the session, a task was raised to build many medium- and small-scale local industrial factories along with the large-scale, centrally-run light industrial factories.

Over 2,000 local industrial factories were built in a little more than one year after the plenary session.

As many as 2,000 new local industrial factories made their appearance after the Changsong joint meeting of local party and economic officials in August 1962 and the national meeting of local industrial officials in February 1970. So, all the counties of the country have been turned into comprehensive consumer goods production bases.

Especially, a solid foundation has been laid to firmly ensure the chuche character and independence of the light industry of Korea with the appearance of the vinalon and vinyl chloride industries in the 1960s and the orlon and polyethlene industries in the 1970s and other new industrial domains.

Large cornstarch factories, shoe-making factories and food-processing factories were constructed in all provinces in the 1970s.

The might of the light industry has been increased; in the 1980s and early in the 1990s, scores of major light industrial projects were completed and the Pyongyang, Kusong, Sariwon and Kaesong textile mills were expanded with new up-to-date facilities.

Korea has light industry based on diverse production structures and rich domestic raw materials is making a powerful advance to implement the light industry-first policy, one of the major points of the revolutionary economic strategy formulated by the Workers' Party of Korea.

South Korea

KEDO Experts: Simpo 'Suitable' Reactor Site

SK0709091895 Seoul YONHAP in English
0910 GMT 7 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 7 (YONHAP) — Experts of the Korean Peninsula Energy Development Organization (KEDO) have tentatively concluded that the Simpo area of North Korea is suitable as a site of light-water nuclear reactors after their recent survey of the area.

The KEDO will build the reactors to keep North Korea from developing nuclear weapons under the U.S.-North Korea agreement reached in Geneva last October.

A South Korean Government official said Thursday that the KEDO experts would present a report on their positive assessment of the Simpo area as a light-water reactor site to the KEDO Executive Board meeting slated for next Thursday in Tokyo.

The experts have concluded that there is no alternative reactor site to Simpo in North Korea, though another technical survey of the area is required for a final assessment of the area, the official added.

In the Tokyo meeting next week, the KEDO will examine the experts' report and discuss when and how the second survey of the Simpo area should be conducted.

Government Welcomes Russian Repeal of Pact

SK0709125395 Seoul YONHAP in English
1245 GMT 7 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 7 (YONHAP) — South Korea welcomed Thursday Russia's repeal of the mutual assistance pact the former Soviet Union concluded with North Korea.

Foreign Ministry Spokesman So Tae-won said in a statement that the Russian action reaffirmed the friendly relationship between South Korea and Russia, adding that South Korea appreciates and welcomes Moscow's complete parting from the military alliance between North Korea and the former Soviet Union, as it is a vestige of the Cold War.

Noting that Moscow has informed Seoul of its action in advance, he expressed hope that the repeal of the North Korea-former Soviet Union defense pact will contribute to promoting peace in the Korean peninsula and Northeast Asia and creating an environment conducive to inter-Korean reconciliation and cooperation.

Daily Views Decision

SK0709084495 Seoul KYONGHYANG SINMUN in Korean 7 Sep 95 p 2

[Report by Moscow-based correspondent Kim Chol-ung]

[FBIS Translated Text] It is anticipated that the "DPRK-Soviet Treaty on Friendship, Cooperation, and Mutual Assistance," which has been the grounds for the Russia-North Korea alliance, will soon be abolished. Accordingly, it seems this issue will exert a great influence upon relations between the North and South as well as on the situation surrounding the Korean peninsula.

Russia, which inherited the former Soviet Union's treaties with foreign countries, has recently notified North Korea of its decision to scrap the military alliance pact. Since there is no likelihood of North Korea objecting to this decision before 10 September, the deadline for renewing the pact, it is certain the pact will be abolished.

Russia previously notified North Korea of its intention to alleviate or abolish the pact on several occasions on the grounds the pact does not accord with the international situation following the end of the Cold War.

The major point in the pact is Article One on automatic military intervention. The article stipulates: "In case one of the signatory countries enters a state of war, the other side shall immediately provide military assistance." Accordingly, the treaty has become a virtual scrap of paper, and Russia seems to have accepted such a reality.

North Korea has reportedly shown no reaction. However, it seems North Korea also recognizes that the significance of Article One has faded to a considerable extent.

The situation on the Korean peninsula has been greatly influenced by the collective security treaties concluded by the so-called four major powers concerned with the Korean peninsula.

The ROK concluded the ROK-U.S. Mutual Defense Treaty with the United States in 1954. To counter this, North Korea concluded military alliance treaties with both the Soviet Union and the PRC in 1961. The United States and Japan concluded the U.S.-Japan Security Pact in 1960.

On the other hand, with the collapse of the Soviet Union, Russia has greatly lost its influence in the international community, both politically and militarily.

Nevertheless, if the military alliance with North Korea is abolished, Russia will contribute to some degree to alleviating tensions on the Korean peninsula.

However, we should not interpret Russia's decision to abolish the pact as meaning the complete liquidation of its friendly relations with North Korea and its return to a pro-ROK line.

Diplomatic sources in Moscow indicate the Russian Government's policy toward the Korean peninsula is based on the principle of equidistant diplomacy.

This means Russia intends to gain practical benefits from the ROK through economic cooperation with Seoul, while continuing to maintain friendly relations with North Korea without hurting Pyongyang. Therefore, we do not expect the ROK's position will be greatly strengthened in its diplomacy toward North Korea in regards to the North Korean nuclear issue and the conclusion of a peace agreement with North Korea.

The DPRK-Soviet Treaty on Friendship, Cooperation, and Mutual Assistance, which was concluded on 10 September 1961, stipulates that the treaty is automatically extended every five years unless one of the signatory countries objects a year prior to the treaty's expiration. Thus, the treaty, which was renewed in 1991, lasts until 1996.

Once the treaty is abolished, there is a high possibility Russia and North Korea will sign a new "treaty of basic relations."

This means Russia and North Korea accept the principle of international law and will avoid settling international disputes by force of arms, instead seeking to settle their differences through peaceful methods. Russia concluded a treaty similar to this with the ROK in 1992.

Deputy Premier Stresses Ties With U.S., Japan

SK0709040795 Seoul THE KOREA HERALD in English 7 Sep 95 p 2

[FBIS Transcribed Text] Deputy Prime Minister Na Ung-pae said yesterday that South Korea needs to consolidate its relations with the United States and Japan if it is to secure peace on the Korean Peninsula.

In addressing the Korean-American Association, Na said that South Korea, Japan and the United States should cooperate to keep North Korea from threatening security and peace on the Korean Peninsula.

South Korea should also keep North Korea from developing nuclear weapons and see to it that the North keeps its agreements with the South, he said.

In order to overcome its economic difficulties, North Korea seems to be pursuing a policy of opening its doors gradually to Japan, the United States and other Western counties, but not to South Korea, he said.

But North Korea will find it difficult to strengthen its ties with Japan and the United States if it fails to improve its ties with South Korea, Na said.

The project to provide North Korea with light-water nuclear reactors will hit a snag if it refuses to hold talks with the South, he added.

Na, concurrently minister of national unification, said that economic instability in the North makes it difficult for Kim Chong-il, de facto leader of North Korea, to officially assume the state presidency and the post of the general-secretary of the Workers's Party.

It is the "myth" of Kim Il-song, the late leader of North Korea, which rules the Communist country at the moment, he said, adding that it refuses to face the reality and improve its relations with the South.

Official 'Hardly' Optimistic on Auto Talks

SK0709013295 Seoul THE KOREA TIMES in English 7 Sep 95 p 8

[Report by staff reporter Chae Hui-muk: "Automobile Becomes Hot Trade Issue Between Seoul, Washington"]

[FBIS Transcribed Excerpt] Automobiles have become a very sensitive trade issue for Korea and the United States, with the latter determined to take tougher action unless the former opens its auto market wider.

Korean and U.S. negotiators will meet again in Washington in the middle of this month to resolve the thorny issue before Washington names Seoul an unfair trading partner on Sept. 27.

Unless there is progress in Korea's car import policy, Korea is certain to be put on an action priority list that could lead to U.S. sanctions in accordance with Super 301, a government official said. [passage omitted]

A Trade, Industry and Energy Ministry official who refused to be named said, "We will make every effort to avoid being put on the foreign priority list. But we can hardly be optimistic about the prospects we will be able to iron out the problem due to the bid differences between the two sides."

The Korean government conveyed its position to the U.S. via the embassy in Washington Tuesday, he said.

He also pointed out that market share [for] foreign cars here nearly doubled from 0.34 percent in 1994 to 0.62 percent in the first half of this year. "In particular, the share of large foreign cars with an engine capacity of 2,500 cc or more jumped from 10.29 percent in 1994 to 19.16," he said, adding that imports of foreign cars have rapidly increased in the only seven years since the opening of the market here.

Kim Chong-il 'Wishes To Improve' PRC Ties

SK0709042995 Seoul CHUNGANG ILBO in Korean 7 Sep 95 p 2

[Report by correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] In a report from Pyongyang, the Chinese Government-controlled news agency XINHUA reported on 6 September: North Korea's Kim Chong-il strongly wishes to improve relations with China and has given instructions to make every possible effort to strengthen friendship between the two countries.

According to this news agency, Hwang Chang-yop, secretary of the Workers Party of North Korea [WPK] Central Committee, received on 5 September a delegation of China's Qinghai Province, which is on an official visit to North Korea. In the meeting with the Chinese delegation, Hwang said: "The WPK will make every possible effort to strengthen the traditional friendly relations between the DPRK and China in accordance with President Kim Il-song's behest and Comrade Kim Chong-il's direction." Responding to this, Sang Jiejia, vice secretary of the Qinghai Provincial Commission for Discipline Inspection, stated: "To strengthen and develop friendly relations between the two countries under new circumstances is of help not only to the people of the two countries, but for peace and security of the Korean peninsula, Northeast Asia, and the world."

Rules Loosened for Foreign Investment in Nation

Defense, Other Sectors Exempt

SK0709080095 Seoul THE KOREA TIMES in English 7 Sep 95 p 1

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] In 1997, foreigners will be able to buy any Korean company, even major manufacturers, as long as they get endorsements from existing major shareholders.

The move is a de facto scrapping of the current rule prohibiting foreign majority ownership of Korean companies.

The Ministry of Finance and Economy announced yesterday that foreigners will be allowed to take over managerial rights of both listed and unlisted domestic companies, excluding defense, media firms as well as Pohang Iron and Steel Co. and Korea Electricity Power

Corp., through mutual agreement with Korean major shareholders.

However, non-Koreans will still not be able to either buy local companies engaged in sectors not open to foreign competition or launch a bid to take over domestic firms against the will of the existing Korean major shareholders, often called hostile takeover bids.

The-authorization of the foreign majority ownership of local companies has cleared away one of the nation's significant obstacles to joining the Organization for Economic Cooperation and Development [OECD] next year.

The OECD, saying that none of its member countries prohibits foreign majority ownership across the board, urged Seoul to extend Korea's liberalization measures to include the freedom of mergers and acquisitions by foreigners.

The announcement was made ahead of OECD officials' planned visit to Seoul next month to discuss procedures on the nation's joining the Paris-based club. Seoul will allow foreigners to undertake "friendly mergers and acquisition" (M&As), in line with its complete scrapping of both friendly and hostile M&As to all Korean companies in 1997.

The Confucian-oriented Koreans have established negative feelings against the trading of enterprises, which have long motivated policymakers to protect founders and existing shareholders.

But the prohibition of M&As has often resulted in existing corporate owners neglecting organizational efficiency and profitability. Corporate owners often abused their companies for personal gain, a practice that invites outside takeover bids in Western countries.

Currently, foreign investors can only establish an enterprise from scratch and are unable to acquire a Korean company that has a strong competitive position. This is the most common approach by investors seeking an establishment in a foreign market, especially if they are approaching a new market with many unknowns, according to an OECD official in Paris.

Even Korean companies are presently prohibited from becoming major shareholders of existing local firms without consent from the existing owners.

It said foreigners will ultimately be allowed to launch a hostile takeover bid against Korean companies when the individual and aggregate foreign stock ownership ceilings are significantly raised from the current 3 percent and 15 percent. But it refused to mention when non-Koreans will be able to take over Korean firms through open and hostile bids.

A major point of concern noted by the OECD was the overall ceiling of 15 percent for foreign ownership in Korean listed companies. This effectively bars mergers with and acquisitions of Korean enterprises by foreign investors, even in sectors where greenfield investment is allowed, the OECD said.

Seoul has frequently referred to the "foreign investment liberalization ratio," — that is, the percentage of all sectors that are deemed to be "liberalized." By January 1996, this ratio is projected to reach an impressive 94.2 percent. But from the OECD perspective, a sector is not "liberalized" if mergers and acquisitions by foreign firms are prohibited, or if any degree of government discretion interferes with the foreign investor's plan in a way that would not apply to a Korean investor, the OECD argued.
Seoul Moves To Improve Foreign Investment Climate

Tax Rules Included

SK0709074895 Seoul THE KOREA TIMES in English 7 Sep 95 p 9

[FBIS Transcribed Text] The government yesterday took additional steps to improve the foreign investment climate, streamlining policies, laws, regulations and practices so they accord with standards set by the Organization for Economic Cooperation and Development.

At the same time, it decided to make tax rules and practices clear and predictable and prohibit tax auditors from being arbitrary and discriminatory in examining foreign firms operating here.

The Ministry of Finance and Economy said the current "approval" system will be replaced by the "notification system" in the Foreign Capital Inducement Act regulating foreign direct investment and capital flows from 1997.

The approval system has been maintained as the government wanted to have the power to block "wayward" foreigner from investing in local industries even after they are liberalized and open to foreign direct investment.

The abolition of the approval code in the Foreign Capital Inducement Act is certain to simplify foreign direct investment procedures but the approval system will continue to be maintained in individual laws, the ministry said.

It also unveiled a list of measures to improve the foreign investment climate, which will be implemented from this month through January 1997.

Rules hampering free operation of foreign firms will be scrapped. Such rules include the requirement that foreign firms export part of their local production or get approval from the government when they wish to change their line of business here.

Foreign firms will need only 20 days, down from the current 30 days, for completions and reductions on the high technology they bring into Korea, the ministry said.

When foreigners buy stocks from foreign-invested firms for transfer of managerial control, they need only to report to banks, instead of getting approval from the government.

Foreigners will not be required to report to the government the purchase of stocks from foreign-invested enterprises and the sourcing of the funds used for their acquisition.

The reporting requirement was criticized as red tape by foreign firms and the government used the reports only for statistical purposes.

Not only foreigners introducing high technology but also those bringing in capital in hi-tech sectors will enjoy tax exemptions and reductions, it said.

The Ministry of Finance and Economy will only engage in formulating policies linked to attracting foreign direct investment, transferring its licensing, approval and post-management activity to the relevant government ministries. The Ministry of Trade, Industry and Energy will be in charge of promoting foreign direct investment.

Editorials Criticize French Nuclear Test

SK0709094995

[FBIS Editorial Report] The following is a compilation of editorials published in ROK vernacular dailies on 7 September criticizing France's nuclear test in the South Pacific on 6 September.

The moderate TONG-A ILBO carries on page 3 an 800-word editorial entitled "France Proceeds With Nuclear Test." Citing France's excuses to justify the test, the editorial asserts: "France cannot avoid being denounced for its nuclear test, which was done out of the selfish motivation to become a nuclear power." The editorial urges France to "call off all plans to conduct further nuclear tests, bearing in mind the worldwide negative influence that resulted from France's test following the PRC's test in August."

The moderate HANGUK ILBO carries on page 3 an 800-word editorial entitled "France Pushes Ahead With Nuclear Test." The editorial notes: "The nuclear test shows that strong conservatives still hold sway in France following the inauguration of President Chirac." The editorial adds that by stopping its testing: "France will assume the role of the world's spiritual leader and of a cultural power armed with morals in contrast to the current stoic international community where economic and military ability is considered of supreme value." It concludes: "If France stops conducting nuclear tests, it will be assessed as an expression of France's courage to respect international public opinion rather than as an expression of France's submission."

The moderate CHUNGANG ILBO carries on page 5 a 600-word editorial entitled "France Proceeds With the Nuclear Test That Runs Counter to the Trend of the Times." Stressing that "the conscience of France as the birthplace of the liberal revolution, and the international community's confidence in France, is swept away by the nuclear storm," the editorial goes on to strongly denounce France's nuclear test as "an irresponsible act that may prompt other countries to develop nuclear weapons."

The moderate KYONGHYANG SINMUN carries on page 3 a 700-word editorial entitled "France Is Shameful in Its Judgment." The editorial denounces France's nuclear test as "a wrong act," "an unforgivable sin," and "a pouring of cold water onto mankind's efforts to make the global village free from nuclear threats." Noting that "France was traditionally sound in its judgment," the editorial warns: "France's cultural tradition is faced with a crisis in light of the recent nuclear test."

The conservative CHOSON ILBO carries on page 3 a 700-word editorial entitled "Joint Sanctions Must Be Enacted Against Nuclear Tests." The editorial urges the government to "propose that the many anti-nuclear and peace-loving peoples, countries, and international organizations seek durable joint sanctions and pressure against nuclear tests so that countries which engage in nuclear testing may be denounced in international arenas such as the United Nations, and so that economic, social, and cultural cooperation and exchanges with those countries may be severed." The editorial also hopes "the United States, which has decided to conduct no more nuclear tests in the future, will audaciously practice 'non-nuclear diplomacy' with those countries that threaten world peace by conducting nuclear tests or by developing nuclear weapons."

The pro-government SEOUL SINMUN carries on page 3 a 600-word editorial entitled "Lessons From the Enforced Nuclear Test Conducted by France." The editorial lists several "lessons from the nuclear test recently conducted by France in spite of worldwide opposition." First, the editorial notes: "Each country's military interests take precedence over mankind's universal will to prevent nuclear proliferation." Second, the editorial points to the "blindness of nuclear tests," reminding that "France is exposed to no military or political threats from outside." Third, the editorial notes: "France showed that the antinuclear movement cannot be successful merely with the pressure of public opinion." The editorial stresses the need "by the United Nations or another international organization to internationally organize the antinuclear movement."

The left-leaning HANGYORE SINMUN carries on page 3 a 700-word editorial entitled "France's Outrage Overrides the Aspiration for 'Denuclearization.'" The editorial denounces France's nuclear test as "an intolerable outrageous act" that "shows the haughty attitude of a nuclear power and directly challenges mankind's desire for peace." The editorial stresses the need for "visible and continual international pressure in order to punish France's action and to prevent additional nuclear tests," and urges "international efforts to hasten the signing of a comprehensive nuclear nonproliferation treaty by nuclear states, which is slated for late 1996."

Joint Venture Factory To Be Built in Thailand

SK0709131595 Seoul YONHAP in English
1216 GMT 7 Sep 95

[FBIS Transcribed Text] Bangkok, Sept. 7 (YONHAP) — South Korea's Halla Business Group will construct a 200-million-U.S.- dollar newsprint factory in a joint venture with Thai firms in Kabin Buri, south of the capital, next year, business sources here said Thursday.

For this project, Halla and CIC, a Thai real estate development firm, will set up CIC-Halla Paper Manufacturing Co., each holding a 25-percent stake. The remaining 50-percent stake will be shared among Thai and foreign banks and Thai newspaper companies.

Construction of the newsprint factory, capable of producing 160,000 tons a year, will start during the first quarter of 1996 for completion in early 1998, according to the sources.

Halla obtained the Thai Government's approval for its investment plan in the joint-venture paper manufacturing company, and Halla Chairman Chong In-yong will visit Bangkok within this week, at the earliest, to discuss details of the newsprint factory project.

At present, there is only one newsprint factory in Thailand, which was built by South Korea's Sinho Business Group to produce 100,000 tons annually. Thailand's newsprint demand stood at 371,700 tons last year and it is expected to increase to 416,300 tons next year, to 466,300 tons in 1997, 522,300 tons in 1998 and further to 585,000 tons in 1999.

Kim Tae-chung Proposes Meeting With President

SK0709102795 Seoul YONHAP in English
0938 GMT 7 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 7 (YONHAP) — President Kim Tae-chung of the opposition National Congress for New Politics (NCNP) sent President Kim Yong-sam a letter Thursday afternoon, asking for an exclusive meeting with the chief executive.

NCNP Spokesman Pak Chi-won said the letter had been personally handed to chief Chongwadae [presidential offices] Secretary Han Sung-su by Kim Tae-chung's chief secretary Chong Tong-chae.

In the letter, the opposition leader, expressing his thanks to the president for his congratulations on the inauguration of the NCNP as a new political party, courteously proposed that President Kim meet him exclusively to discuss a broad scope of state affairs, he added.

President Kim will read the letter after his return from the Chusok holiday but will not make a response to his meeting proposal for the time being, a Chongwadae official said.

NCNP Appoints Secretary General, Others

SK0709014395 Seoul YONHAP in English
0029 GMT 7 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 7 (YONHAP) — The main opposition National Congress for New Politics (NCNP) appointed Rep. Cho Sun-hyong its secretary-general on Thursday.

The newly inaugurated party also named Rep. Sin Ki-ha floor leader and Rep. Son Se-il chief policy maker.

Rep. Chang Sok-hwa was appointed chairman of the Local Autonomy Committee, while Rep. Pak Sil was named chairman of Public Relations Committee. Rep. Kim Chung-cho became chief of the party's Political Training Center.

The party, led by Kim Tae-chung, also appointed Rep. Mun Hui-sang its planning and coordination director and former lawmaker Pak Chi- won spokesman. Chong Tong-chae, chief secretary to the chairman of the Peace Foundation for the Asia Pacific Region, became chief secretary to the party president.

The NCNP held a guidance committee meeting at the National Assembly to select 70 central executive council members and decide the party's hierarchy.

Meanwhile, the party lawmakers' meeting elected Rep. Sin its floor leader.

Democrats Name Chang Chun-ik Secretary General

SK0709080695 Seoul YONHAP in English
0708 GMT 7 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 7 (YONHAP) — The opposition Democratic Party (DP) appointed Rep. Chang Chun-ik its new secretary-general and named Rep. Yi Chol its floor leader at the party's Supreme Council meeting on Thursday.

Rep. Hong Ki-hun was named the chief policymaker, while Chang Ki- uk was appointed the party's new Disciplinary Committee chairman.

Incumbent party spokesman Yi Kyu-taek was retained at the Council Meeting presided over by DP Co-Chairmen Hong Yong-ki and Pak Il.

Party floor leader Yi's appointment will be put to a vote at the DP caucus which will be held on Monday at the National Assembly.

Article Views Struggle With International Crime

952C0166A Seoul SISA JOURNAL in Korean
27 Jul 95 pp 44-45

[By reporter Chong Hui-sang]

[FBIS Translated Text] Within the Agency for National Security Planning [NSP], which normally shuns publicity, there is one particular organization that openly solicits cooperation from the general public. That organization is the International Crime Information Center [ICIC] established in February 1994. The ICIC handles international crimes such as illicit drug manufacture and trafficking, terrorism, smuggling, counterfeiting, illicit deals in firearms, and organized crime.

These crimes have become a national headache as their incidence increased daily as the criminals have taken advantage of the changes in the international and domestic situations following the collapse of the cold war mechanism, and as countries opened their doors wider and wider to the outside world. It is for the purpose of dealing with this problem that our government organized the ICIC in the NSP. When the ICIC was organized, it was viewed as a model for the future role of the NSP.

The ICIC held an open seminar on 12 July on the subject "Globalization and Measures Against International Crimes." Present at the seminar were not only NSP authorities but also working-level officials investigating international crimes, including prosecutors, police officers, and customs officials, and a number of experts on international law. They discussed the seriousness of international crimes being committed in our country. Addressing the meeting, Prosecutor Sin Hyon-su of the felony department of the Seoul District Prosecutor's Office, said: "In the early part of the 1990's the ROK was seen as a country that was successful in controlling narcotics in the war against drugs. But beginning in 1993, the number of drug addicts sharply increased and now we have passed the point where searches and crackdowns alone are not enough to solve the problem." As reasons for the aggravated drug situation, he cited the increasing number of those who have experience in drug use as a result of the tourism boom, and the change in the public perception of drugs brought about in this process. Speaking after Prosecutor Sin, Pak Yong-son of the Customs Administration described how drug smuggling through Kimpo Airport is growing more and more intellectual in character and diverse in form. Pak said: "Travelling smugglers are bringing in drugs by every possible means—not only hiding them in personal effects but also in double deck suitcases, vitamin bottles, anuses, and the stomachs of pets. Particularly since last year, drugs have been smuggled through off-shore island ports with no customs offices, after being transshipped to Korean boats from foreign boats in the open sea."

In almost all cases, there is an organization behind every international crime involving firearms, counterfeit money, or money laundering. The magnitude of infiltration of the ROK by international crime syndicates as traced and ascertained by the NSP is really serious.

The crime groups that are leading the infiltration of the ROK are Japanese yakuza groups. As their typical method of infiltration, Korean resident members of yakuza organizations use their relatives in Korea. Of the total 90,000 yakuza members in Japan, it is estimated that about 9,000, or 10 percent, are Korean residents. These Korean yakuza members have traditionally infiltrated our country masquerading themselves as lawful investors in real estate, hotels, and gambling joints, etc. in league with native Korean gangs. Six pieces of real estate worth more than 30 billion won, including the K Hotel in Pusan, S Department Store in Ulsan, and H Building in Seoul, are already in the hands of yakuza groups.

It is said that each year more than 5,000, about half of the Korean yakuza members in Japan, enter Korea ostensibly as travelers to engage in target practice, human trafficking, and gambling. Most of them stay in L & A Hotel in Seoul, and practice at a shooting range, using members of a Korean crime syndicate as guides before returning to Japan.

Among overseas crime syndicates, the Russian mafia is next only to the Japanese yakuzas in its fervor to infiltrate South Korea. In Russia, a large number of former Communist Party cadres, such as former KGB members and military officers, are now active as mafia bosses. Currently, it is estimated that some 6,000 mafia groups have more than 100,000 members. Of these mafia groups, those in the Maritime Province of Siberia and in Sakhlin are said actively entering South Korea posing as businessmen to "explore the market."

The Russian mafia operating in Korea in most cases use Pusan as their base of operation, helping to settle credits accounts for small Korean businessmen and smuggling drugs, jewels, and firearms through crime syndicates. Especially, the incidence of firearms smuggling is on the increase. In the past 2 years, our authorities uncovered 10 revolvers and 520 rounds of ammunition sold by mafia groups in South Korea. On 13 July, Russian customs officials uncovered 40 machine-guns hidden in a mafia-controlled ship just before leaving Vladivostok Port for Pusan.

The triads of Chinese crime syndicates active in Mainland China, Taiwan, and Hong Kong are stepping up their operations to infiltrate South Korea. The triad, consisting of more than 50 organizations with over 100,000 members, is eyeing drug trafficking and illicit smuggling of workers. Last year 4.5 kg of heroin and 1.5 kg of philopon were uncovered while being smuggled into South Korea from Taiwan and Hong Kong. The investigation of the smuggling routes revealed the involvement of triad organizations in Hong Kong and Taiwan. The smugglers attempted to take advantage of the fact that 1 kg of heroine worth 40 million won in Hong Kong is worth 5 billion won in Korea, or over 100 times.

The triad already has a connection with Korean crime syndicates. Through an exchange of information, the Korean and Hong Kong authorities have confirmed that certain Kim, a member of the Sobang Gang, one of the three major gangs is operating a host-bar in Hong Kong with funding supplied by the Hong Kong triad. He is said to be engaging in a sex business, with female travelers from Korea as customers.

The Chinese-affiliated triad has been actively involved in smuggling of workers into South Korea. Those triad members who mainly work as brokers in mainland China charge a sum equivalent to 3 million won in fees for each case of illegal entry they arrange. In the period from last July through this June, 80 Chinese who entered South Korea through these illegal channels were uncovered by our investigatory authorities.

In addition, American mafia groups are known to be operating in league with South Korean gangs. It has been learned that Han Sung-hui, the second boss of the Yang Un-ui Gang, who was sought by our authorities after he escaped the police dragnet, fled to the United States, where he established a base of operation with the help of an American mafia and was subsequently arrested by American investigating authorities last year on suspicion of murder, drug trafficking, and illegal currency transactions. He is said imprisoned in a maximum-security prison.

Korean investigatory authorities give the "habitable environment" as the reason why large crime syndicates in various parts of the world are eyeing South Korea as their operating arena. According to these authorities, South Korea has emerged as a suitable "habitat" for international crime syndicates as leisure industries flourished by keeping pace with the economic growth, and as administrative controls eased as was the case with the simplification of the immigration procedures.

In the opinion of some observers, despite the fact that the infiltration of South Korea by international crime syndicates is becoming more and more serious, the anticrime structure of our investigating authorities has flaws in coping with this situation. Currently, the prosecutor's office, the police, the Customs Administration, and the NSP handle international crimes. The NSP is only given the role of collecting information, but the authority of the remaining three includes the power of investigation. The problem, however, is that the main business of these agencies, with the exception of the ICIC, is cracking down on drugs. However, there is no lateral exchange of information and experience between investigating and intelligence organizations. In extreme cases, it is said that information is leaked to a gang in the stage of securing evidence, due to the departmental egoism of different government agencies.

Under these circumstances, working-level field officials handling international crimes urgently demand the establishment of a state-level organization specializing in international crimes. In other words, they want an effective command system. An interested NSP official lamented that the ROK's current ability to deal with international crime is "on a par with the haphazard handling of the aftermath of the collapse of the Sampung Department Store."

In this connection, working-level field officials handling international crimes have an unpleasant memory they do not want to remember. A certain Kim, Grade-6 in rank, uncovered a case of drug smuggling through Kimpo Airport in 1993 while working at Kimpo Customs Office as the officer in charge of operations against international crimes. After belatedly securing the evidence, he raided the hideout of the smuggler in Seoul, arresting the culprit and confiscating the drugs. But the prosecutor's office sent a letter of protest to the Customs Administration demanding that Mr. Kim be referred to the Disciplinary Committee. The reason for this demand was that he "encroached" upon the turf of the prosecution. In the end, Mr. Kim was transferred to Taejon Customs Office in what amounted to a demotion, under the pressure of the prosecutor's office, despite the fact that he arrested the drug smuggler.

Brunei, Malaysia & Singapore

Malaysia

King Sihanouk Ends Visit, Returns Home

BK0709095595 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 7 Sep 95

[FBIS Transcribed Text] Cambodian King Norodom Sihanouk and his entourage returned to Phnom Penh after a three-day official visit to Malaysia. The Cambodian king, Queen Monineath, and a 23-member delegation boarded a special plane at the Kuala Lumpur International Airport at 1100 this morning. Foreign Minister Datuk Abdullah Ahmad Badawi and Entrepreneur Development Minister Datuk Mustapha Mohamed, who is minister-in-attendance, were at the airport to bid farewell to the Cambodian leader and his entourage.

During his three-day visit, King Sihanouk paid a courtesy call on Paramount Ruler Tuanku Jaafar and Prime Minister Datuk Sri Dr. Mahathir Mohamed. The Cambodian leader also visited the Proton car factory and the agricultural park in Shah Alam.

Anwar Comments on Ties With Australia

BK0309110595 Melbourne Radio Australia in English 0500 GMT 3 Sep 95

[FBIS Transcribed Text] Australia's trade minister, Bob McMullan, has met with Malaysia's deputy prime minister, Anwar Ibrahim, in Penang on the last day of his visit to Malaysia. Katherine (Magrar) reports that afterwards Mr. Anwar told the large gathering of political and business leaders that Australia and Malaysia need each other and that their relationship is strong.

[Begin recording] [(Magrar)] In his speech, Deputy Prime Minister Anwar emphasizes strength of the Australian-Malaysian relationship. He said the opening of a new Austrade office in Penang was a symbol of growing ties. Senator McMullan says the public comments are valuable.

[McMullan] And I was delighted to hear the ringing endorsement of the deputy prime minister [word indistinct] Australia's place in the region and our relationship with Malaysia. I thought it was accurate and... but I will encourage that he has a role in which he said it so forthrightly.

[(Magrar)] Sen. McMullan says despite obvious differences with Malaysia over some trade issues, the bilateral relationship is strengthening. [end recording]

Minister Signs MOU on Commission With SRV

BK0709094595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 7 Sep 95

[FBIS Transcribed Text] Malaysia and Vietnam today signed a memorandum of understanding, MOU, to establish a joint commission for bilateral cooperation which will spur ties between the two countries. Malaysia was reprsented by Foreign Minister Datuk Abdullah Ahmad Badawi, and Vietnam by its Foreign Minister Nguyen Manh Cam.

Speaking at the commission's inaugural meeting in Kuala Lumpur, Datuk Abdullah said as at the end of last year, total Malaysian investment commitments in Vietnam amounted to 1.5 billion ringgit [Malaysian currency] making Malaysia the 7th largest foreign investor in Vietnam.

From January to July, the Malaysian private sector had secured nine more investment licenses with investment commitments of about 199.2 million ringgit.

On Malaysia's technical assistance to Vietnam, he said Malaysian Technical Cooperation and the rubber technical assistance programs had helped to promote cooperation. More and more Vietnamese officials are visiting Malaysia.

Deputy Prime Minister Denies Economy Overheating

BK0609132095 Kuala Lumpur NEW STRAITS TIMES in English 5 Sep 95 p 1

[Report by Noorzita Samad]

[FBIS Transcribed Excerpt] The economy is not overheating, Deputy Prime Minister Datuk Sri Anwar Ibrahim said yesterday as the Government is well aware of the dangers that come with high economic growth.

He said the Government took into consideration all factors, including the negative elements of the economy, in determining the direction of the country's economy.

He was responding to suggestions that the high economic growth recorded so far this year—9.9 per cent for the first quarter, and 9.3 per cent in the second—could lead to overheating of the economy.

It was suggested that foreign fund managers were of late shying from the local stock market for fear that the country's economy could overheat by 1998.

"Investors do not buy shares now for 1998. Besides, the possibility of (strong economic growth) had already been explained five years ago,:" he told reporters after the tabling of the amendments to the Futures Industry Act 1993 in Parliament today.

The local stock market had been depressed for the last few weeks following talk of the economy overheating. [passage omitted on tabling of amendment in parliament].

Lee Kuan Yew Views Impact of U.S.-PRC Ties

BK0609153895 Singapore THE STRAITS TIMES in English 6 Sep 95 p 28

[Article by Senior Minister Lee Kuan Yew: "Will U.S.-China Relations Sour the East Asian Miracle?"]

[FBIS Transcribed Text] In today's atmosphere of security and stability, investment and transfers of technology from Japan, the United States, and Europe are bringing unprecedented prosperity to 2 1/2 billion Asians.

But what will East Asia be like in 20 years? It depends on relations between China the United States and Japan.

Will China be the dominant power or will it be Japan? Will the U.S. still keep the balance between them?

China-Japan ties are bedevilled by history. Each country harbours unspoken but deep suspicion and fear of the other.

East Asians are puzzled that the U.S. is quarrelling with Japan and China at the same time, although on different issues.

Japan's allegiance to the U.S., they believe, cannot be taken for granted, nor can it be assumed to endure for all time.

For the next 20 years, China badly needs capital, technology, knowhow, and markets. Not since the Tang dynasty have the Chinese leaders and people been more willing to accept foreigners and foreign ideas.

Since 1978 when the "open door" march to growth began, Chinese reasonableness has been in marked contrast to what went before: intransigence, bellicose rhetoric, and support for communist insurgencies throughout Asia with cash, weapons, and China-based radio stations.

Three years ago, Singapore agreed to help China plan, build, and administer a 10-square-kilometre integrated industrial, commercial, and residential township in Suzhou near Shanghai. The project was to take 15 to 20 years. At first, Chinese officials adopted a low profile as students. Gaining in knowledge, they grew in confidence quickly. They now believe they can finish the project in five to 10 years.

China's industrial transformation cannot be stopped. As China's economy grows, its relationships with all countries will change. Will an industrialised and strong China be as benign to Southeast Asia as the U.S. has been since 1945? Singapore is not sure. Neither are Indonesia, Malaysia, the Philippines, Thailand, and Brunei, the other countries in ASEAN.

We already see a China more self-assured and willing to take tough positions.

Most East Asians want the U.S. to remain in the region. They do not want to have to choose between China and Japan. Even China and Japan admit that the U.S. presence facilitates good relations between them.

But security does not come cheap. It requires a buoyant and resilient U.S. economy. If the U.S. dollar continues to sink, it will be more costly for the U.S. than for Japan or Europe to invest and buy into East Asia's prosperity.

In the future, if East Asia's stability and prosperity benefit primarily Japan, China, other Asian countries, and Europe, how long will the U.S. Congress vote funds to maintain America's role as balance-keeper? If the U.S.—and its stabilising effect—may not be around in 20 years, Asian leaders will take care not to antagonise China.

Recently, differences between the U.S. and China have sharpened over many issues. Those over trade, investments, intellectual property, and open markets do not challenge China's unity and territorial integrity. Those over democracy and human rights, if pushed too far, will. Any encouragement of independence for Tibet or Taiwan is casus belli, that is, cause for war.

China is serious about using force if Taiwan threatens to become independent. Any shift in the U.S. one-China policy which appears to condone or encourage two Chinas or one China and one Taiwan will be seen as a threat to China's territorial integrity. And it does not take much to persuade China's leaders and its people that the U.S. would prefer a Taiwan split from China.

The most important deathbed injunction of the Long March veterans to their successors was to uphold the unity of China and to reunite Taiwan with the motherland. On the issue of Taiwan, there is total solidarity between China's leaders and its people who will rally behind their leaders.

To risk a serious long-term rift with China makes sense only if the U.S. expects China to implode, like the Soviet Union.

But the Chinese have seen what happened to the Soviet Union. They will not overextend themselves as the Soviets did in competing against the U.S. worldwide by supporting revolutions. Nor need they engage in a high-intensity conflict that will bankrupt them.

Moreover, they will not be hobbled by a centrally planned economy. With a market economy modelled after Taiwan or South Korea but many times larger, China can sustain a low-intensity conflict for decades.

China will respond stiffly to any threat to its eventual reunification with Taiwan, but may opt to keep it short of an open rupture with the U.S. The result would be a test of wills, costly, and exhausting for both.

East Asians will not want to take sides. They would be less worried if the tussle were to be resolved in months.

Otherwise, they will weigh the odds as to who will stay the course: the U.S. where changes in the national mood are reflected in its House of Representatives every two years and in its President every four or China, centrally controlled, with a people accustomed to hardship.

Need there be decades of sparring and animosity? The mainland Chinese want the life that they know the Taiwanese and Hong Kong Chinese enjoy. Why not be patient and wait for urbanisation, information technology, and prosperity to bring about change? The free market will give hundreds of millions of Chinese a free choice of jobs and lifestyles. This will inevitably change China—and for the better.

But many Americans have begun to talk and act as though conflict with China is inevitable. For example, when the U.S. exchanged diplomatic missions with Vietnam, some congressmen and senators talked freely about building up Vietnam to counterbalance China.

Americans should not then be surprised if the Chinese are sceptical about U.S. intentions and act as if an undeclared policy of containing China is already falling into place.

In any event, China will continue testing nuclear weapons until it has signed a test ban treaty. China wants a nuclear capability close to that of the U.S. and of Russia.

Containment can only work if Japan and Europe join. But they are more likely to take up the opportunities in China which the Americans forego. Again, patience may pay.

Within 10 years, a fourth generation of Chinese leaders with personal knowledge of the U.S. and the West will take charge. They may well present a different face to the world. It is too early to assume that another Cold War is inevitable.

Only the major players—the U.S., China, and Japan can influence the outcome of all these large forces at work. Other East Asian countries will try hard not to offend any of them in order to maintain the region's favourable climate for trade and investments. If the other nations are not caught up in armed conflicts, they can still hope to achieve relatively high growth rates.

But it would be infinitely better if the U.S. and China do not lock horns. Then the U.S. and China will enjoy the full benefits from the fast-growing economies of the rest of the Asia-Pacific [region].

Companies Plan Satellite-Based Mobile Phones

BK0609142495 Singapore THE STRAITS TIMES in English 6 Sep 95 p 40

[Report by Tammy Tan]

[FBIS Transcribed Text] Singapore Technologies [ST] and Singapore Telecom have taken on four Chinese partners for their planned U.S. $800-900 million (S [Singapore] $1.1-1.3 billion) satellite-based mobile handphone system for the Asia-Pacific [region], which they expect to start up in 1998.

The group is in the final stages of choosing a satellite maker for the venture.

If successful, the cross-border handphone system will be one of a handful of such systems targeted for completion by the end of this decade. Because these systems rely on satellite technology, handphone users will enjoy the convenience of being able to use their phones wherever they are, even in the desert or the middle of the ocean.

The two Singapore companies were originally part of a four-member Indonesian-led consortium, including U.S. satellite maker Hughes Communications, which planned to set up a similar venture.

But they have since decided to go on their own, after the Indonesian party, P.T. [Company Limited] Pasifik Satelit Nusantara (PSN), surprised the industry with an announcement in May that it had decided to get new partners—Jasmine International of Thailand and the Philippine Long-Distance Telephone Company.

No reasons were given for the split.

In a recent interview, ST Telecommunications General Manager Lee Theng Kiat said Telecom, Singapore Technologies, and its new Chinese partners, which he declined to name at this time, expect to launch their satellite by end-1997.

"The service should be operational by early 1998," he added.

Asked for the breakdown in equity stakes of the new Singapore-led project, he said: "It hasn't been decided."

The team is busy evaluating tender bids submitted by three American satellite makers—Loral Corp., Hughes Communications, and Lockheed Martin.

"A decision on which satellite maker we're going with should be made in about six to eight weeks' time," he said.

Hughes, reported earlier to be considering an equity stake in the Singapore venture, has apparently reconsidered this and has decided to bid for the manufacturing of the satellite instead.

According to earlier reports, the competing Indonesian PSN-led satellite project is also targeted for completion by 1998. It will cost U.S. $600 million (S$834 million), slightly less than the Singapore-led project.

Footprints or the area of coverage for both projects are believed to be similar: they will range from India in the east, extend through China and Japan, and cover all six [as published] ASEAN countries, and Indochina.

A Telecom spokesman had said in May that the Telecom-Singapore Technologies project would use geostationary satellites "to provide regional mobile satellite services using hand-held terminals."

Daily Calls U.S. APEC Stance 'Disappointing'

BK0709092195 Singapore BUSINESS TIMES in English 7 Sep 95

[Editorial: "Heeding APEC's Businessmen"]

[FBIS Transcribed Text] When the Asia-Pacific Economic Cooperation (APEC) arrangement was conceived in 1989, its founding fathers were enlightened enough to ensure that businessmen had a big say in its workings. Businessmen are, after all, the people who will ultimately make APEC work. Without them, the arrangement would quite likely degenerate into another political/bureaucratic talk shop. Thus, was created the Pacific Business Forum (PBF) — a group of people representing both small and big business throughout the Asia-Pacific [region], people who know how world trade works on the ground.

After a meeting in California last week, the PBF tabled its proposals for APEC. The proposals, which are to serve as the starting point for the discussions at this year's APEC summit in Osaka in November, are specific and time-bound. They call for slashing many forms of red tape, harmonising product standards, increasing cooperation on intellectual property rights, promoting small and medium-sized enterprises, and boosting investment in infrastructure. But the most important proposal is for APEC members to speed up the implementation of commitments, including tariff cuts, made at the Uruguay round of multilateral trade talks.

With their dynamic, outward-looking economies, most APEC countries,including members of the Association of Southeast Asian Nations (ASEAN), should have little difficulty doing this. It is therefore a pity that some large economies appear to be dragging their feet.

Japan, for instance, has been quick to suggest that certain unspecified "sensitive" sectors be excluded from the free trade pledge although it has come up with a plan for concerted unilateral liberalisation, which looks promising. But most disappointing of all is the stance of the United States whose cooperation is essential if free trade in APEC is to have much meaning. Last month, Sandra Kristoff, the U.S. ambassador to APEC, said the U.S. could not accelerate measures under the Uruguay round, because it had already met its commitments and because the Clinton administration had limited statutory authority to go further. This does not sound convincing; the whole point of the PBF's proposal (which is similar to that made by the APEC Eminent Persons Group) is that countries should go beyond their Uruguay round commitments and many are prepared to do that. And even if the Clinton administration's authority were limited, there is nothing to stop the President from putting the matter before the U.S. Congress. It would appear that the only reason he is not doing so is because he does not want to.

The PBF acknowledged that, in making its proposals, it had not taken into consideration political obstacles facing APEC member governments. As one business leader put it: "We just laid out what we thought should happen." True, politicians can't always implement such ideas. But when we are talking about trade, and when it's clear what the practitioners of trade want, politicians should not just take note but make every effort to make it happen.

Indonesia

Minister Calls Portuguese Broadcasts 'Propaganda'

BK0709093395 Jakarta SUARA PEMBARUAN in Indonesian 6 Sep 95 p 15

[FBIS Translated Text] Jakarta, 6 Sep—Foreign Minister Ali Alatas said the Portuguese Government plans to broadcast its television coverage in East Timor, but Indonesia is not unduly concerned over such an issue because the country is well prepared to counter any Portuguese propaganda.

Responding to questions by reporters prior to attending the limited cabinet plenary session on economics, finance, and trade at Bina Graha Palace on the morning of 6 September, Alatas said: "Portugal has frequently besmirched Indonesia with its propaganda. We will be ready when and if Portugal broadcasts its television programs."

Alatas merely considered the propaganda as Portugal's routine practice; as such, their method of using television is not a major problem for Indonesia. What is important is to monitor programs televised to East Timor and determine whether or not they are credible or only just idle chatter.

Checks Necessary

Information Minister Harmoko said earlier that checks will be made on whether Radio Television Portugal (RTP) will definitely launch a television satellite to directly beam programs to East Timor.

Harmoko made the statement at the Information Department on 5 September. He said: "Let us see how true it is." He added that the Information Department will be observing to see if the direct television broadcasts are intentional or just an information spillover.

On 29 July 1995, the Portuguese publication EXPRESSO carried a report entitled: Timor [East Timor] Will Receive RTP Without Sensor. It stated that East Timor will receive programs from a Portuguese Government television station (RPT International) at the end of October. The Portuguese Government needs to lease a satellite transponder over Asia for that purpose.

Regarding the possibility of other foreign television programs being beamed to Indonesia, the information minister believed that there was nothing to stop it. He said: "I am of the opinion that, in an era of globalization and because of the use of satellites, programs that are of a transnational nature cannot be prevented from entering Indonesia. We will, however, conduct checks."

General Comments on Portugal's Broadcast Plans

BK0709102195 Jakarta ANTARA in Indonesian 1751 GMT 6 Sep 95

[FBIS Translated Text] Bandung, 6 Sep (ANTARA)—ABRI [Armed Force of the Republic of Indonesia] Commander General Feisal Tanjung has called on the press to help develop people's reasoning ability and maturity in order to cope with Portugal's plan to broadcast television programs to East Timor.

"You are expected to assist the government in promoting patriotism, especially among the East Timorese people, because the government will not prevent them from watching such television programs," the ABRI commander said to reporters in Bandung Wednesday.

Gen. Feisal said the move shows that Portugal has no wish to improve its ties with Indonesia.

"You all know that it is a malicious and hostile plan. As journalists, you are supposed to cope with such a thing. You see, we have done our best to improve the situation in East Timor," Gen. Feisal said. He also used the occasion to call on Indonesian journalists not to be carried away by Portugal's political campaigns or maneuvers.

"Please extend your assistance by carrying reasonable and logical news in order to promote patriotism, especially among the East Timorese people," he said.

Commenting on the measures to be taken by the government in response to Portugal's move, the four-star general said the government has mapped out preventive measures but will not reveal them yet.

Two Battalions Withdrawn From East Timor

BK0709101395 Jakarta SUARA PEMBARUAN in Indonesian 6 Sep 95 p 6

[FBIS Translated Text] Dili, 6 Sep—Two battalions—the Yonif 643 Battalion from Tanjung Pura and the 142 Battalion from Palembang —were officially withdrawn from East Timor and returned to their respective bases the morning of 5 September because they had completed their tour of duty in the province.

Unlike the former battalions that were sent to perform their duties, there will be no replacements for the two battalions that were withdrawn because the ABRI [Indonesian Armed Forces] has decided to reduce the number of military personnel in East Timor.

The ceremony marking the withdrawal of the two battalions was conducted on 5 September at the Dili Scouts Ground with Colonel (Infantry) Mahidin Simbolon, the 164/WD regional commander, acting as the master of ceremonies. The ceremony was attended by civilians and ABRI officials, as well as by other leading community leaders.

There are only two battalions left in East Timor to work with the people after the withdrawal of these two battalions.

Speaking to reporters after the ceremony, Col. Simbolon said the reduction of ABRI personnel in East Timor was not due to any foreign pressure or pressure from any official but was undertaken only after an assessment made by the 164/WD Regional Command that concluded that the conditions in East Timor had improved and there was no need for a large number of personnel to be stationed there.

He stated that numerous persons have visited his office to request that the two battalions remain because they had provided good assistance to the community and also had improved their well-being.

Bishop Reveals 'Serious' Rights Violations

BK0709054595 Jakarta FORUM KEADILAN in Indonesian 11 Sep 95 p 16

[Interview with Monsignor Herman Ferdinand Marie Munninghoff by correspondent Pracoyo in Jayapura; date not given]

[FBIS Translated Text] [Pracoyo] Why did you reveal the cases [of local tribesmen arrested and summarily shot by security forces in Timika] despite the difference of religion?

[Munninghoff] For us, all religions are the same. The issue is that human beings are being treated with disregard to their dignity. Although they profess in Kingmi [tribal animism in Irian Jaya], they are also human beings. We have an obligation to speak out against the oppression of human beings regardless of their religion.

[Pracoyo] Why were the cases being revealed only now?

[Munninghoff] The latest incident took place on 31 May. I drafted a report on 3 August. I don't consider the report late. The predominantly Roman Catholic Amungme tribesmen are in fact uneasy over the incident.

[Pracoyo] What was the background of the incident?

[Munninghoff] I simply revealed the facts. Indeed, some people have been suspected by security forces to be members of, or aiding, the OPM [Free Papua Movement]. There is an OPM group here.

Nevertheless, they are Roman Catholics. They have come under suspicion. In my opinion, security forces have not treated the OPM in accordance with our law. If you read the daily CENDERAWASIH POS, you may find reports that quote the commander of the Eighth Trikora Military Region as saying the OPM should be eliminated. This is against Indonesian law. Why not arrest and try them in accordance with Indonesian law and then sentence them to 5 or 10 years in jail? Why will OPM members be summarily shot if they hoist the OPM flag? A resident was even given 4 million rupiah in Manokwari several years ago for axing the neck of an OPM member who called at his house. Nobody should be treated that way. It would be very good if Indonesian law could also apply to OPM members.

[Pracoyo] Why have they fled to the jungle and opposed the government? They were reported to have protested the takeover of their land.

[Munninghoff] They are Irian Jaya residents who are opposed to becoming part of Indonesia. They feel that coercion, manipulation, and murders were happening during the referendum [in 1969]. The prisons are full.

[Pracoyo] Were the cases linked to the presence of P.T. [Company Limited] Freeport [a U.S. copper mining company] here?

[Munninghoff] Indeed, several nongovernmental organizations linked them with the company, but I did not. I just want action to be taken against security personnel who have tarnished the dignity of the Armed Forces of the Republic of Indonesia.

[Pracoyo] Why so?

[Munninghoff] Well, there were links between the cases and Freeport. Perhaps everybody knows that Timika area is very rich. There is coffee, gold, and other minerals. But, what do we get? The local people are poor in their own homeland. In their opinion, they have been robbed of the rich resources. This has taken place for decades. In addition, there have been cases of pollution, industrial waste, and land expropriation. Nevertheless, I confine myself only to human rights violations. I don't question Freeport.

[Pracoyo] Don't you think the cases were attributed to the presence of Freeport?

[Munninghoff] Nongovernmental organizations have raised the issue. Why were there so many serious human rights violations in one year? I based my report on eyewitness accounts.

[Pracoyo] Monsignor, why did you reveal frequent human rights violations here only recently?

[Munninghoff] There was no balloting in several subdistricts during the 1992 general election. I received reports. For example, a Catholic priest in Paniai reported that the government itself conducted the balloting. I reported the incident to the authorities, but there was no action. Had there been a free general election here, 80 percent of the votes could have gone to the Indonesian Democratic Party.

[Pracoyo] Have the cases come up due to an Australian report?

[Munninghoff] The Australian report is too general. We have provided details. I have concrete points. The Australian report is very general.

[Pracoyo] There is major follow-up to your current report. Don't you fear that you will be labeled as a vocal bishop as Archbishop Belo from Dili has?

[Munninghoff] I already thought about it at length. That is possible because they feel that I have discredited security forces. Nevertheless, I had the obligation to do so. Perhaps, I am regarded as an OPM member. As a bishop, I had an obligation to reveal these cases.

Human Rights Violations Report 'Still Incomplete'

BK0709041595 Jakarta ANTARA in Indonesian 1628 GMT 6 Sep 95

[FBIS Translated Text] Bandung, 6 Sep (ANTARA) — ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung has said that it is not yet time for the ABRI headquarters to announce the results of the investigation into the reported human rights violations in Timika, Irian Jaya, because the report is still incomplete.

"The Trikora Eighth Regional Military Command is still preparing the report and it is improper for me to announce it to you. I will let you know when the time comes," said the ABRI commander to reporters after he opened a national seminar on the realization of national struggle values in Bandung Wednesday.

The seminar was organized by the ABRI Staff and Command College in conjunction with the 50th founding anniversary of Republic of Indonesia as well as the ABRI.

Speaking in the presence of the chiefs of the Army, Navy, Air Force, and Police Force, the ABRI commander said a team set up by the Trikora Eighth Regional Military Command is still studying the issue and the regional military commander is the officer authorized to solve it.

Gen. Feisal said when the team has completed its task, which includes an assessment of the situation, the ABRI headquarters will take follow-up actions.

"When the regional military commander has completed his investigation, we will call him to Jakarta," said Gen. Feisal.

Replying to a question by reporters on whether it is necessary to set up an Honorary Military Council like the ABRI did in the Dili incident, Gen. Feisal said diplomatically that it depends on the regional commander's judgment.

Commenting on the outcome of investigations conducted by the National Commission on Human Rights, which will provide important feedback for ABRI, Gen. Feisal said the ABRI headquarters has not yet received any report from the commission.

"I have not yet received a report from the National Commission on Human Rights," said the ABRI commander.

The National Commission on Human Rights set up two teams to investigate human rights violations in Timika. The first team completed its task and returned to Jakarta at the end of August and the second team's report is still being prepared and will be used to complement the first one.

The reported human rights violations by ABRI personnel in Irian Jaya include shootings, torture, and arrests.

Australian Economic Ties 'Proceeding Smoothly'

BK0709092095 Jakarta SUARA KARYA in Indonesian 7 Sep 95 p 1

[FBIS Translated Excerpt] Jakarta (SUARA KARYA) — Zakaria Sumintaatmaja, Indonesia's charge d'affaires to Australia, has reiterated that he has not heard any plans from Jakarta about appointing a new Indonesian ambassador to Australia. Although there is no ambassador attached to the Indonesian Embassy in Australia, everything proceeds smoothly and no major problem has occurred.

"All matters relating to bilteral trade and and economic activities are proceeding smoothly," Zakaria told journalists after he attended a closed-door meeting with the Parliamentary Commission I [Roman numeral one] members [dealing with foreign affairs, national security and information] at the DPR [Indonesian House of Representatives] on Wednesday.

The Indonesian Government's stand is beneficial in one way — the Australian defense minister has proposed that there should a law banning the burning of a national flag. This reflects the Australian Government's stand. However, the proposal has been opposed by the majority of the Australian politicians. [passage omitted on background of current bilateral ties]

Investment Minister Discloses Latest Figures

BK0709062295 Jakarta ANTARA in Indonesian 1307 GMT 6 Sep 95

[FBIS Translated Text] Jakarta, 6 Sep (ANTARA) — Sanyoto Sastrowardoyo, minister of state for the mobilization of investment and chairman of the Investment Coordinating Board, has said the outlook of foreign and domestic investment in 1995 is unlikely to be too much different from that in 1994.

Sanyoto was speaking prior to a limited cabinet meeting on economy, finance, development supervision, industry, and trade at the Bina Graha Presidential Office in Jakarta on Wednesday. According to Sanyoto, U.S. $29.93 billion worth of 523 foreign investment projects and 37.66 billion rupiah worth of over 513 domestic investment projects were approved during the January-26 August period.

Throughout 1994, U.S. $23.72 billion worth of 449 foreign investment projects and 53.28 billion rupiah worth of 823 domestic investment projects were approved.

"In the next four months, an increase in the value of investment is unlikely to be high. Though higher, investment in 1995 will not be too much different from investment in the previous year," Sanyoto said.

He said about 51 percent of the projects were implemented, citing field facts.

He attributed the lower domestic investment this year than in 1994 to a lack of financial support for investors.

According to Sanyoto, the higher foreign investment can affect the situation next year (1996). "Thus, we must anticipate a possible value of foreign investment in 1996," Sanyoto Sastrowardoyo concluded.

H. Clinton Speech at Beijing Conference Viewed

BK0609121195 Jakarta KOMPAS in Indonesian 6 Sep 95 p 4

[Editorial: "We Endorse the Importance Given to Freedom in the U.S. First Lady's Address in Beijing"]

[FBIS Translated Text] U.S. First Lady Hillary Rodham Clinton was the celebrity who emerged yesterday at the ongoing 4th International Conference on Women in Beijing. The conference — which began with a UN resolution recognizing that sexual equality is the last major project to be undertaken in the 20th century — is continuing with various nuances.

The conference first heard an accolade for women for their endurance — from China's President Jiang Zemin, who said that "women hold half the sky". However, it was also accepted that discrimination against women is as old as history itself.

Mrs. Hillary Clinton's mood [preceding word in English] as she arrived on Tuesday morning to attend the conference was one of high spirits. She was confident that the conference in Beijing would not be mere idle chatter.

Coming to the conference at a time when her own country faced a controversial situation and there had been worsening relations with the host country, Mrs. Clinton began by reiterating that the United States supported the outcome of the UN Conference on Population, which states that "all couples or persons have the basic right to freely and responsibly decide on the number of children they desire."

Hillary Clinton first touched on the issue of women's rights and then proceeded to the issue of the ban imposed on a number of women from nongovernmental organizations preventing them from participating in the conference. She concluded on the issue of human rights.

On the issue of freedom, which was included in her address, Hillary said: "Let me be clear, freedom means (or guarantees) that the people have the right to assemble, organize, and debate openly. Freedom means respecting the views of those who may disagree with the views of their government."

The U.S. first lady further stated that freedom also means "not taking citizens away from their loved ones and putting them away, mistreating them, or denying them their freedom and dignity because of the peaceful expression of their ideas or opinions."

First, Hillary's address was aimed at the host country, which was seen as having humiliated the participants to the nongovernmental forum. The security personnel had prevented a women's delegation from Tibet — a radical feminist group comprised of lesbians — from distributing pamphlets. Following this, tight security was imposed on the human rights activists. It was also clear that her address was forthright concerning a country that advocates only a rudimentary form of democracy. In fact, it is clear that this country is far from being democratic and independent, as its citizens are prevented from freely expressing their ideas and conducting debates in disagreement with the views of their government.

Actually, numerous governments have developed following assessments of how much they advocated freedom and democracy. The democratic values that needed to be absorbed have been in the form of local democracy and freedom — modified by the concept of "Asian values" or "African values." Yet such concepts have continued to create differences, such as those that transpired in Sino-U.S. relations.

It is interesting to note that as an Asian nation, Japan does not claim be a country with "Asian values" — nor do India or Pakistan. Taking into account available examples, most people believe that East Asia is not a politically unique region and it would be advantageous if this region could be transformed into a unique one, based on the economic progress that is occurring there. Unfortunately, as THE INTERNATIONAL HERALD TRIBUNE reported in its 7 July 94 issue, such a view is only self-serving propaganda [preceding three words in English], which is practiced by only one group of politicians in the region.

One inescapable fact is that time has greatly changed the situation and people now consider that it would be 'dangerous to recall the past' in making improvements for the future. In addition, it would also be dangerous if the party undertaking such an endeavor were a government clutching its power tightly.

God willing, the U.S. first lady's speech in Beijing will act as an impetus not only regarding the improvement of women's rights but also in relation to providing greater rights for people in general to express their opinions more freely even though their opinions are not in line with governmental principles.

The question of democracy still remains open for discussion. However, the fundamental factor is that a government should allow itself to be assessed by the people it governs. The people should, in most cases, be given an opportunity to overrule [preceding word in English] their government's decisions.

Philippines

Ramos Confirms Plan To Quit After Term Expires

BK0709024195 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 6 Sep 95

[FBIS Translated Text] President Ramos has announced in his news conference that he does not intend to remain in power after his term expires.

According to the president, he is ready to leave his post after his term as president expires, adding that he cannot sacrifice democracy and freedom for personal interests. He denied the statements made earlier by Senator Edgardo Angara on alleged amendments to the constitution to change the form of government and retain officers in their present positions.

Official: Manila Major Drug Transshipment Point

BK0709072395 Manila MANILA BULLETIN in English 3 Sep 95 p 14

[Report by Cena B. de Guzman]

[FBIS Transcribed Text] The Philippines remains "a major transshipment point for heroin destined for the United States (US) and Europe and methamphetamines intended for the US, Japan, and other Asian markets as evidenced by the huge seizures of both drugs by Philippine law enforcers."

This was revealed by Manuel Supnet, executive director of the Department of Health's (DOH) Dangerous Drugs Board (DDB), as he stated that the Philippines also remains "one of the world's top producers of marijuana" which is smuggled to Australia, Japan, and other East Asian markets.

Sen. [Senator] Ernesto F. Herrera asked Foreign Affairs Secretary Domingo Siazon and Ambassador Felipe Mabilinagan of the Philippine mission in New York to make "appropriate representations" to the United Nations (UN) Commission on Narcotics Drugs (UNCND) so "that we can continue to play an active role in the global fight against drug trafficking."

Herrera said the representation is to ensure that the Philippines would be reelected as a regular member of the UN commission for another four years.

"We should retain our membership with the UN body so that we can continue to play an active role in the global fight against drug trafficking," Herrera said, adding that "we cannot afford to lose our voice and effective representation in the forum."

The Philippines was elected as one of the 53 regular voting members of the UNCND, the world's highest policy-making agency assigned to control the traffic in addictive substances, in February 1992.

The term is due to expire next year, and unless reelected, the Philippines would revert back to observer status.

The UNCND meets yearly in Vienna, Austria, to evaluate the narcotics problem and to adopt improved measures to combat the illicit drug trade.

Economy Grows 5.2 Percent in First Half Year

BK0709072195 Manila PHILIPPINE DAILY INQUIRER in English 2 Sep 95 p B1

[Report by Rita Villadiego]

[FBIS Transcribed Text] The economy expanded by 5.2 percent in the first half of this year, or much faster than the 4.7 percent growth in the same period last year.

Economic Planning Secretary Cielito Habito said that growth was sustained in the first half despite a slowdown in agricultural production.

Habito, who is also director general of the National Economic and Development Authority, said the economy, as measured by the gross national product (GNP), grew by 5 percent during the second quarter. This was, however, slower than the 5.1 percent growth during the same period in 1994 and the 5.5 percent expansion in the first quarter of this year.

Domestic production as measured by gross domestic product (GDP) increased by 4.8 percent from January to June this year, or an acceleration from the 4.1 percent posted in the same period last year. The GDP growth for the second quarter was 4.9 percent.

Habito said the growth in the first semester GNP was traced to a net factor income from abroad amounting to

P [pesos] 11 billion mainly from income remittances of overseas contract workers.

"The acceleration continues despite a transitory difficulty in agriculture. We're pretty much on track, investment and exports are up," Habito said.

He said the agriculture sector grew by a measly 0.4 percent during the first six months of this year as against 2.3 percent a year ago.

The slowdown in agriculture was caused by a 1.4 percent decline in palay [rice] production due to a drought in Luzon and a 24.5 percent drop in sugar cane output due to reduced hectarage, lower yields per hectare and flooding in Negros.

On the production side, industry led all sectors with a 7.9 percent expansion. Growth was stimulated by the generally more favorable environment, sustained investor confidence, and the greater demand for consumption and investment goods.

Manufacturing, which accounted for 25 percent of total GNP, expanded by 7.4 percent from only 5 percent last year.

Construction posted a hefty growth of 9.3 percent, up from 8.4 percent in the first half of 1994.

Habito said that even with the slowdown in public sector construction activities in the second quarter due to election-related regulations, the public sector still primarily accounted for the sector's growth. Private sector construction activities have continued to sustain its growth.

Growth of utilities, particularly electricity and gas, surged in the second quarter, resulting in a double-digit expansion of 11.8 percent in the first half of the year.

Mining has staged a remarkable rebound, growing by 2.8 percent to reverse the 4.2 percent contraction in the first six months of 1994.

Habito said the government will maintain its 6 to 6.5 percent GNP target for the whole of 1995.

Thailand

Minister Sees No Need To Repeat Nuclear Protest

BK0709093795 Bangkok MATICHON in Thai 7 Sep 95 p 15

[FBIS Translated Text] Foreign Minister M.R. Kasemsamoson Kasemsi said there was no need for Thailand to repeat its opposition to French nuclear testing. He said Thailand's stand was made clear in a joint statemment issued at the ASEAN meeting. Moreover, he said, the countries that are closer to the test site have protested.

M.R. Kasemsamoson said the fact that Thailand did not renew its protest does not mean that it is going against the tide. There should be a limit to protests or condemnations — Thailand should not go to the extreme of causing trouble for itself or damaging its own welfare. He said this is not a problem over which Thailand has to beat its head against a brick wall.

New Panel Established To Fight Inflation

BK0709083495 Bangkok BUSINESS DAY in English 7 Sep 95 p 3

[FBIS Transcribed Text] Finance Minister Surakiart Sathianthai yesterday announced the setting up of a committee to tackle inflation and the current account deficit.

A ministry source said 13 members were officially named on the Committee on Planning for Reduction of Current Account Deficit and Inflation Rate.

He said the panel's initial task would be to turn around the current account deficit which now stands at 6.3 percent of Gross Domestic Product (GDP) within 5 to 10 years. The revenue is expected to be slightly higher than spending by the seventh year, the Finance Ministry source said.

The committee will prepare operational plans for both long and short term and ensure that the plans do not have a negative impact on growth.

The panel has also been entrusted with the task of keeping the inflation rate at an acceptable level, besides carrying out special assignments for the finance minister.

"The committee will concentrate more on current account deficit than inflation because the Commerce Ministry and the Bank of Thailand [BOT] were also doing its utmost to keep prices under control. The committee will look into areas concerning inflation which involves mainly short term measures, unlike the current account that requires long term planning," the source said.

The 13-member panel will be chaired by the Finance Ministry's permanent secretary. The ministry is currently scouting through some names to succeed Aran Thammano as the new secretary.

Dr Somchai Ruchupan, Fiscal Policy Office director-general, and Chaiyawat Wibunsawat, BOT senior assistant governor, are the two vice-chairmen of the committee.

The panel will meet for the first time next month after the appointment of the permanent secretary, the source said.

Bank Governor Predicts Economic Power Status

BK0709070195 Bangkok THE NATION in English 7 Sep 95 pp A1, A3

[Report by Charuwan Loetwinyu, Watchara Charunsantikun]

[FBIS Transcribed Text] Thailand will surpass Indonesia to become the largest economy in Southeast Asia by the year 2000 after gross domestic product doubles its current level to [Thai baht] Bt7.33 trillion, the Bank of Thailand governor said yesterday.

In a speech at a function to honour the former governor, Dr Puai Ungphakon, on his 80th birthday, Wichit Suphinit said that between now and the year 2000, Thailand would enjoy an annual economic growth rate of between 7-8 per cent.

The former rector of Thammasat University also predicted a low inflation rate and a manageable current account deficit during that period.

Over the past 30 years, Thailand has enjoyed a remarkable economic growth rate of between 7-8 per cent annually, as it sought to cross the threshold from an agrarian to an industrial society.

Although he did not specifically outline how monetary authorities would deal with inflation in the short run and the current account deficit in the longer term, Wichit emphasized that by the year 2000 inflation would be brought down to a controllable level, 4.2 per cent, and the current account deficit would also be tamed at between 3.54 per cent of the GDP.

"We should not get too excited with inflation at the moment. If we compare ourselves with our rival countries, which are facing inflation of about 10 per cent, Thailand's inflation is still low," Wichit said.

The latest unofficial figures showed that inflation for August rose 0.4 per cent from July to reach 6.2 per cent, suggesting that demand had triggered inflation for the first time in recent history. However, Wichit indicated that inflation was seasonal and would only have a short-term effect.

Confidence in the Banhan administration was low at this juncture due to the absence of clear-cut measures to deal with inflation and the current account deficit — the two persistent psychological factors that have pushed down the Stock Exchange of Thailand.

Despite strong economic growth forecast until the year 2000, Thailand would have to endure unpredictable global financial turbulence. Further, the management of the economy would be complex, ensuring that it must be handled efficiently, Wichit said.

He called on the government to respect the independence of the central bank, which should be allowed — without political interference — to put into practice a full array of its tools to manage monetary policy.

"In the coming years, the central bank will safeguard monetary stability to bring about economic stability. But this will be achieved through the market mechanism, instead of direct control," Wichit said.

This signalled the readiness of the central bank to become an active participant in financial markets as it sought to lead the way through its open-market operations.

Wichit admitted that although it would be increasingly difficult for the central bank to control short-term capital inflow, the central bank would seek to affect the foreign exchange and money markets through open-market operations.

As Thailand has increasingly sought to integrate itself into the wider international environment, it needed a reliable information disclosure system to help the international community understand its economic conditions.

Wichit said the central bank would directly supply crucial economic and financial data to foreign countries through a direct telecommunications system, so it would not be misquoted by the media.

Wichit also gave assurances that the supervision and examination of financial institutions would be significantly improved to cope with the growing complexity of the financial system and to prevent financial institutions from failing in a domino effect.

The central bank would move to impose professional ethics upon banking management and play a part in approving the appointment of top management.

Other powers to help the central bank supervise financial institutions more effectively would be the authority to order them to increase capital and examine the workings of banks' board of directors.

Generals 'All Smiles' After Reshuffle Meeting

BK0709070395 Bangkok THE NATION in English 7 Sep 95 pp A1, A3

[FBIS Transcribed Text] On the eve of a "summit" with the Army, Defence Minister Chawalit Yongchaiyut yesterday met the top officers of the Supreme Command in what was seen as a bid to make last-minute changes to the annual reshuffle list of officers.

Gen Chawalit, Supreme Commander Gen Watthanachai Wutthisiri and Armed Forces Chief of Staff Gen Pramon Phalansin were all smiles after yesterday's meeting.

Chawalit admitted they had talked about the controversial transfer list.

Army Commander Wimon Wongwanit reportedly wanted his deputy Gen Phaibun Emphan to succeed him, while Chawalit preferred Pramon.

Gen Wimon also reportedly intended to promote Gen Chainarong Nunphakdi to assistant Army commander. But the move has been opposed by critics and political activists who said Chainarong should not be promoted because of his alleged involvement in the May 1992 upheaval.

The press were critical of Gen Wimon after the Army criticized the government's political reform plans and its failure to cap rising commodity prices through Army-controlled media.

Chawalit and Wimon were due to meet today. It was reported the meeting was an attempt to solve conflicts over the much publicized reshuffle list and the Army's criticizm of the government.

After yesterday's meeting, Chawalit said Watthanachai told him that he would submit the annual transfer list to the Defence Ministry in one or two days. Chawalit told the supreme commander that any problems should be discussed among concerned officers.

Asked whether he would make changes to the list, Chawalit said: "It can be reviewed at any step because superiors have a duty to provide fairness".

He said there would be no "incident" created by officers who were not satisfied with the upcoming transfers.

The Army yesterday defended its SAYAMMANUT-SATI radio programme which recently was critical of high commodity prices.

After a meeting of executives of the Army's television and radio stations, Maj Gen Loetrat Rattanawanit, the Civil Affairs Department chief, said the executives agreed that the writer of the radio commentary did not have any ulterior motives in scripting the criticisms.

However, he said the Army's television and radio stations, and its ARMY NEWSLETTER would be more careful in voicing their opinions in the future. He said Wimon always insisted that the Army would be a mechanism of the government and would support it in the interests of the country.

"We try to concentrate on constructive matters and avoid causing misunderstandings," he said at a press conference.

"We want to create unity because we are facing economic problems and many people have been affected by natural disasters."

Loetrat said he was assigned by Wimon to tell the public that what Wimon described as a "white paper" was an Army report on the May uprising.

He said the report, of which he said findings were similar to a Defence Ministry investigation, showed that troops and officers had acted legally and on the orders of their superiors during the incident.

According to Loetrat, Gen Wimon said all sides were hurt by the upheaval and the subject should not be raised again because it could re-open old wound.

General Warns on Promoting 'Tainted' Officers

BK0709042395 Bangkok BANGKOK POST in English 7 Sep 95 p 3

[FBIS Transcribed Text] The chairman of the House Military Affairs Committee yesterday called on military chiefs not to try and promote officers under fire from the public for their involvement in the bloodshed of 1992's Black May.

Gen Sanan Sawetserani said a review should be made to prevent tainted officers moving to key posts during the annual military reshuffle.

Prime Minister Banhan Sinlapa-acha and Defence Minister Chawalit Yongchaiyut had full authority to review and change the proposed military lists as both were the military's direct commanders.

Gen Sanan, who is Chat Thai MP for Nan, urged armed forces leaders to take public opinion into consideration.

He did not elaborate further on his comments.

Gen Chainarong Nunphakdi, chief of Gen Wimon Wongwanit's staff officers, has been a target of public criticism recently after reports that he may be promoted to become a new assistant army commander during the reshuffle.

Gen Sanan ruled out speculation that the military would stage a coup against the Government if it interfered in the proposed reshuffle lists.

The committee chairman said the military could not use the reported interference of the Government on the proposed reshuffle lists to justify a move to topple the elected government.

He said the Government could be undemocratically toppled only when it failed to administer the country properly and could not solve public suffering.

Meanwhile, Gen Chawalit, who is to meet Army Commander Gen Wimon today, said he would ask for clarification on the proposed reshuffle lists if he saw anything improper.

He added: "If there is any problem then we have to consult each other or if we have any question we also have to ask for clarification."

He said it was not unusual for the defence minister to review the proposed reshuffle lists as he was the military's direct commander and was empowered to maintain justice and impartiality during the annual reshuffle.

Gen Chawalit had reiterated that he would adhere to military tradition while reviewing the annual military reshuffle.

He said he was confident nothing would happen during the process.

He also urged the Press not to pay attention to leaflets found at Parliament which strongly criticised Mr Banhan over his "completely dirty and vicious" Cabinet.

In response to former premier Chatchai Chunhawan's concern that a coup might be inevitable if he interfered with the reshuffle lists, Gen Chawalit said the former premier might still be haunted by his own administration being toppled in 1991.

Supreme Commander Watthanachai Wutthisiri yesterday said if there was to be any change to the proposed reshuffle lists he would make the change himself.

Reshuffle lists from the three armed forces have already been proposed to him said Gen Watthanachai.

He had been finalising it and would soon send the lists to the defence minister for final approval.

Officer: White Paper 'Should Not Be Seen'

BK0709041995 Bangkok BANGKOK POST in English 7 Sep 95 p 3

[FBIS Transcribed Text] Publication of the military's account of Black May will divide the country, the Army's director of civilian affairs said yesterday.

The release of the White Paper, the Army's investigation into the 1992 tragedy would not benefit the people, said Maj-Gen Loetrat Rattanawanit.

An investigatory panel set by the Defence Ministry had already reported to the Cabinet and there was no reason for the Army to reveal its contents.

"Importantly, its disclosure would not benefit anyone," said the director, who was sure the tragedy would not be repeated.

After Army Commander Gen Wimon Wongwanit chaired a meeting of executives of army-run Channel 5, he said the military deeply regretted the bloodshed and had striven to foster peace and harmony.

But he defended the military role in Black May, when troops under then-army commander Gen Itsaraphong Nunphakdi and 1st Army commander Lt-Gen Chainarong Nunphakdi fired on unarmed protesters.

Troops assigned to maintain law and order at the time had done their duty in accordance with the law, he said.

The military also had to be fair to officers involved in the incident, he said, and it expected fair treatment from society.

Any attempt to revive the issue to track down the culprits would cause disunity in society, he claimed. "Would anyone benefit from such a move?"

He also defended the army-run Sayammanutsati radio programme which had denounced the Government for its failure to curb prices. He said the Army had no ulterior motives and expressed regret the broadcast had caused public disquiet.

Vietnam

FUNCINPEC Delegation's Visit Welcomed

BK0709011895 Hanoi Voice of Vietnam in English 1000 GMT 5 Sep 95

[Station commentary]

[FBIS Transcribed Text] A delegation of one of Cambodian ruling political parties, FUNCINPEC [National United Front for a Cooperative Independent, Neutral and Free Cambodia], is visiting Vietnam. The delegation, headed by its General Secretary Samdech Norodom Sirivut, arrived in Hanoi on Monday [4 September].

This is the first time a FUNCINPEC delegation has officially visited Vietnam since its form and ally with the Cambodian People's Party and the Buddhist Liberal Democratic Party to take power in Cambodia.

It shows the development of not only the relations between the Cambodian and Vietnamese states, parliaments, and peoples, but also between Cambodian ruling party and Vietnam. The visit of the FUNCINPEC delegation is made immediately after Vietnamese President Le Duc Anh's visit to Cambodia. It reveals the determination of the two countries' leaders in promoting close friendship and cooperation between Vietnam and Cambodia.

After arrival, the FUNCINPEC delegation held talks with the delegation of the Communist Party of Vietnam headed by Mr. Hong Ha, secretary of the party Central Committee and head of the Central Commission for External Relations. During the talks, the two sides informed each other of their respective party activities and the situation in each country. They also compared notes on the regional situation and affirmed their wish to further consolidate and develop the relations between the two ruling parties on the principles of respecting each other's sovereignty; noninterference into each other's internal affairs; settling differences through peaceful negotiations, equality, and mutual benefit, while increasing the bilateral cooperation and neighborliness between the two governments and peoples and making contributions to stepping up the trend of peace, stability, and development in the region.

Meanwhile, Mr. Mat Ly, senior adviser of King Norodom Sihanouk who is in Hanoi to attend Vietnam's 50th National Day last weekend, told the national daily NHAN DAN that, in the current situation, the Cambodian Poeple's Party always respects its traditional friendship and solidarity with the Communist Party of Vietnam and between the governments and peoples of the two countries. He maintained that Vietnam's August Revolution and National Day were always closely linked to the Cambodian people's cause. Without those events, Cambodia would have had no favorable opportunity to win the victory in January 1979 and would have not been as successful as today. The strong relations between Cambodian ruling party and the Communist Party of Vietnam will contribute to promoting the traditional friendship, neighborliness, and cooperation between Vietnam and Cambodia in the interest of each country and for peace, stability, and development in the region.

Do Muoi Receives Delegation

BK0709011295 Hanoi VNA in English 1548 GMT 6 Sep 95

[FBIS Transcribed Text] Hanoi VNA Sept. 6. — Vietnamese party leader Do Muoi has expressed his wish to promote the relationship between the Communist Party of Vietnam and the National United Front for Cooperative, Independent, Neutral and Peaceful Cambodia (FUNCINPEC) with the aim to consolidating and developing the traditional ties of friendship, cooperation and good neighbourliness between the people of the two countries.

Mr Do Muoi was saying while receiving a visiting delegation of the FUNCINPEC headed by General Secretary Norodom Sirivut. The Vietnamese party leader also said he wanted Vietnam, Laos and Cambodia would remain forever good friends of one another and unite and cooperate with each other to strive for a prosperous life of the people in each country, contributing to peace, stability and cooperation for the interests and development of Southeast Asia.

For his part, Norodom Sirivut expressed the wish of King Norodom Sihanouk and his party for closer friendship and multifaceted cooperation with Vietnam. He also wished the Vietnamese people under the leadership of the Communist Party new and greater successes in national construction and development.

Delegation Holds Working Session

BK0709075995 Hanoi Voice of Vietnam in English 1000 GMT 6 Sep 95

[FBIS Transcribed Text] A delegation of the Cambodian ruling party, FUNCINPEC [National United Front for a Cooperative, Independent, Neutral, and Free Cambodia] led by Secretary General Sirivut on Tuesday had a working session with the Hanoi party committee. The Cambodian guests expressed their admiration for the achievements of the Vietnamese people in general and the people of Hanoi in particular in the renovation process, and thanked the Vietnamese people for their assistance and support to the Cambodian people in the fight for national liberation in the past and in the present cause for peace and national reconciliation.

Trade, Economic Meeting Held With Australia

BK0709005395 Hanoi VNA in English 1548 GMT 6 Sep 95

[FBIS Transcribed Text] Hanoi VNA Sept. 6. — Vietnam and Australia today held the fourth session of the Joint Trade and Economic Cooperation Committee (JTECC).

The annual meeting was aimed at reviewing the growth of their bilateral trade relations and discussing drastic measures to create legal frameworks for further trade development and investment promotion between the two countries.

The Australian delegation was led by trade minister, Senator Bob McMullan, who is also co-chairman of the committee, and the Vietnamese side included Deputy Trade Minister Ta Ca and other members from the joint committee. Among prominent questions of Vietnam's concern at this meeting were trade, investment and cooperation as well as possibility for the signing of an agreement on bilateral tourist cooperation.

Australia has become the sixth largest investor in Vietnam with 47 projects worth USD 692 million. Its exports to Vietnam in 1994 were valued at USD 84 million while Vietnam's export turnover was USD 215 million.

Later this afternoon, the Australian delegation called on Prime Minister [PM] Vo Van Kiet who expressed his belief that with the outcome of the seesion, the Vietnam-Australia ties will see new steps of development and investment from Australian business people in Vietnam will increase for the sake of each country's prosperity and peace and development in the region.

PM Vo Van Kiet also spoke highly of the constant growth of the friendship and cooperation between Vietnam and Australia, especially since 1991, in many sectors such as telecommunications, infrastructure construction, and mining. He highly appreciated Australia's role in the region and thanked the Australian Government for its active support for Vietnam's admission to ASEAN.

Agreement on Claims in Gulf of Thailand Signed

BK0709041795 Hanoi Voice of Vietnam in English 1000 GMT 5 Sep 95

[FBIS Transcribed Text] Vietnam and Thailand have come to initial an agreement in an effort to resolve the overlapping claim in the Gulf of Thailand. The claim concerns an area more than 6,500 square kilometers. During the fifth round of talks at the Thai coastal resort of Phatthaya last week, Vietnamese and Thai experts decided to use Tho Chu, a small island of Vietnamese southwestern coast, as the reference on the continental shelf of the two countries in line with international laws. The head of the Thai delegation, Krit Kanchanakunchon, from the Thai Foreign Ministry, said he was very satisfied with the common decision.

Chamber Promotes Visits by U.S. Entities

BK0709010095 Hanoi VNA in English 1317 GMT 6 Sep 95

[FBIS Transcribed Text] Hanoi VNA Septmber 6 — The Vietnam Chamber of Commerce and Industry (VCCI) has arranged working visits to Vietnam for 44 US missions and 147 individuals, over the past eight months, including visits by the vice-governor of the state of Massachusetts, Harvard scholars, and the ASEAN Council.

In addition, the VCCI has also organised four tours of the US market for [words indistinct] Vietnamese entrepreneurs who are members of the VCCI. Seminars and talks on the US market, and its commercial rules and regulations wre also held by the chamber, drawing the participation of thousands of businessmen from all parts of the country.

French Firm Pulls Out of Refinery Project

BK0709064895 Hong Kong AFP in English 0614 GMT 7 Sep 95

[Report by Pascale Trouillaud]

[FBIS Transcribed Text] HANOI, Sept 7 (AFP) — French oil giant Total pulled out of Vietnam's ambitious plan for its first oil refinery because Hanoi insisted on putting political considerations before economic logic, analysts said Thursday.

The firm said Wednesday it was withdrawing from the scheme, Vietnam's biggest industrial project, as Hanoi had refused to budge on its decision to site the refinery in a controversial and isolated area.

The government stunned the oil industry when its announced in November that the 1.2 billion dollar scheme would be built in the middle of the one of the least developed and poorest areas of the country at Dung Quat in central Vietnam.

Analysts have repeatedly said that economically the move made no sense.

Dung Quat lies in a region with very poor infrastructure and is about 700 kilometers (440 miles) from Vietnam's main oil fields and its biggest oil consumption area around the economic hub of Ho Chi Minh City in the south.

In addition the spot — near the central city of Quang Ngai — offers no natural facilities for a deep sea port and is frequently exposed to typhoons, making it a totally unsuitable site, acccording to industry experts.

But analysts here say the government's choice of the site was not made according to the economic merit of the area, but was instead politically motivated.

"It was political move; that has become very clear over the past months, a western observer said here.

The move was aimed at balancing Vietnam's economic development which has tended to favour the south of the country and the area around the capital, Hanoi, to the exclusion of the more isolated central regions.

As the country scrambles for Asian Tiger status, the communist leadership — aware that its survival is dependant on social stability — is visibly concerned that the country may be torn apart by unequal economic development.

It was this that prompted the authorities, particularly Prime Minister Vo Van Kiet, to develop a petrochemocal hub, deep sea port, an industrial zone, airport and a new town at Dung Quat in the hope of attracting other industries to the area which has not felt the benefits of economic liberalisation.

But the plans for the 6.5 million tonne per year refinery has been deadlocked for months by a tussle between the authorities and Total, leaders of the four-firm consortium which proposed developing the scheme.

Total had — since a first proposal for a refinery near the southern city of Nha Trang was rejected — expressed its strong preference for a site at Long Son, near the oil port of Vung Tau and the offshore fields in the south of the country.

But last month the head of Vietnam's state oil firm PetroVietnam, Ho Si Thoang — one of the three other pertners in the project with Taiwanese firms Chinese Petroleum Corp. and China Investment and Development Co. — put the last nail in the coffin for Total.

He said the refinery would definitely go ahead in the centre of the country and that "other foreign partners would be found" if negotiations with the original consortium failed.

A senior Total official tried to minimise the importance of Wednesday's withdrawal. "Obviously, its always a bit frustrating, but we may get involved in other refinery projects," Melchior de Matharel, chief representative for Southeast Asia said from his Singapore base.

"The site was too far from the source of the crude oil and from the main consumer areas — that sunk the project," he added, refusing to reveal the cost of the feasibility study carried out by the group over 18 months.

The refinery costs 1.2 billion dollars and there is an enormous infrastructural problem which would cost at least half-a-billion dollars to solve. The refining industry has only a small profit margin, the project was not economically viable a western expert said.

The Vietnamese authorities, while insisting that the scheme is viable, are however expected to give a number of advantages to any replacements of Total.

Vietnam feels it badly needs a refinery as the 6.8 million tonnes of high quality crude it produced lat year were all exported to Japan and Singapore for refining.

Upgrade for Phu Bai Airport Terminal

BK0709040795 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 5 Sep 95

[FBIS Translated Text] To meet the demands of the growing number of tourists who want to see Hue City, the Vietnam Civil Aviation Department has decided to renovate and upgrade Phu Bai Aiport terminal with a total investment capital of 30 billion dong. The project is scheduled to begin on 6 September 1995 and end in June 1996. The overall concrete grounwork of the old terminal will be replaced and the length of the new terminal will be extended to 2,250 meters eastwards. When the project starts, direct flights to Hue will be temporarily suspended until mid-1996. Once the renovation is completed, Phu Bai Airport will be able to handle 500,000-1,000,000 passengers a year.

Party Paper Disputes Human Rights Issue

BK0709010595 Hanoi NHAN DAN in Vietnamese 24 Jul 95 p 3

[Article by Pham Van Khanh: "Human Rights and the Way To Implement Human Rights"]

[FBIS Translated Text] Over many decades, "human rights" have become familiar words for people. The protection of human rights has become an issue attracting great attention from the world community and many countries, nations, social and political organizations, and the public. In his opening speech at the World Conference on Human Rights in June 1993, UN Secretary General Butrus Ghali was right when he confirmed: "As long as human rights exist as a common issue for all members of the world community, each member of this community must realize its own position and each culture has its own way of implementing human rights".

This way is that of human rights with special national characteristics, which supplements and diversifies the human rights issue in mankind as a whole. Although, in general, Oriental culture pays more attention to the community and occidental culture concentrates on individuality, every oriental or occidental nation has its own way of implementing and developing human rights. From the reality of history, we understand that to achieve progress in the struggle for legitimate human rights, the price the human race has to pay is the flesh and blood of numerous people.

The U.S. Civil War proved that a nation cannot exist and develop when half of the population are slaves. But now, more than 200 years after the American Independent Declaration and the Declaration on Human Rights and the Civil Rights of the French Bourgeois Revolution, many people are still kept in conditions of slavery. Under the banner of "human rights" and "freedom, equality, and humanity", imperialist countries used the power of science, technology, and weapons to invade and colonize small and weak countries.

Why don't we ask who the culprits were in the bloody wars caused by imperialism and colonialism that destroyed the people's right to live? The wars in Korea, Vietnam,... deprived millions of people of the right to live. Under colonialism and imperialism, many millions of brilliant Vietnamese citizens were arrested, jailed, tortured, and denied the minimum right to live in prisons and detention centers. To protect the national independence, the right to live, and the right to be a human being — the most urgent aspects of human rights — more than 8 million Vietnamese people were killed or became disabled for life in the anti-American resistance for national salvation. Twenty years after the end of the war, many Vietnamese families have still been unable to locate the remains of their relatives who died in the war.

However, with the humanitarian tradition of the Vietnamese people, we have helped the United States to look for Americans missing in action or who died in combat. The people working for the Saigon Government and Armed Forces, after a period of education, were returned to their families. There was no "blood bath." Our people are not only forgiving, but they also create conditions for everybody in the community to live harmoniously, closing the past, and rebuilding the country and their new life.

After the United States lifted its embargo and gradually restored diplomatic relations with our country, millions of overseas Vietnamese — most of them from the United States — have returned to Vietnam to visit their relatives, look for business opportunities, and contribute to the national economic development and national construction. Many foreign visitors — including politicians, scientists, social and cultural activists, and economists — have expressed their support for and praised the achievements of our renovation undertaking. They recognize our party and state's great efforts to overcome the effects of war, develop our economy, and look after the people's material and spiritual life so that our people can enjoy a better life with more freedom and equality.

Nevertheless, here and there, some people have intentionally accused us of "violating human rights." What human rights are these? And whose human rights are they? Is it correct that these people want to refer to people who take advantage of religion, freedom, and democracy to conduct sabotage activities, oppose social stability, and violate national laws, and who are chargeable under the law? Or they mean some foreigners who have been tried under Vietnamese laws for violating our national security? Are there any countries and governments in the world that do not punish criminals and law violators? Are there any civilized and democratic societies that tolerate offenders who violate the democracy and freedom of the community and of other people?

There are some, those who are the worst offenders of human rights, who want to teach us human rights. They give themselves the exalted privilege of judging human rights in other countries. Following them are traitors who have fled the country and consciously turned themselves into instruments of foreign forces against the people.

Obviously, the popularity of human rights in the entire world does not mean that the special characteristics of human rights in every country and nation need be denied. Besides the common values of human rights, the special characteristics of human rights in each country have helped to establish the value of human rights for the entire world.

Throughout the past 65 years our party has led and mobilized our people in the struggle to regain national independence so that everyone can exercise the most essential rights of citizens. The party has led our people to join other pioneer combatants for human rights in the world. In the process of national construction, our state has always given the highest priority to the objectives of building a society in which working people are masters, a society working for the people and from the people, and a society in which people are free from oppression and injustice and everyone has a comfortable, free, and happy life. In other words, the people have actually been able to enjoy the most basic aspects of human rights: the rights to have national independence and to live equally with others in freedom and without oppression. These basic rights are the prerequisites for other rights. The people should first be the masters of their country and society; then they will be able to enjoy economic rights: the right to work and to enjoy the outcomes of their contributions to society.

After decades of suffering fierce wars and backward economic conditions coupled with continual natural disasters, sections of our people still suffer poverty, and even hunger. But with our Vietnamese traditions of benevolence and mutual support, we have always fought to avert famine, and the renovation undertaking led by our party has been widely supported by the people and has achieved important results. The living standards of large portions of the people have been lifted to a higher level. That is the core factor in the fight for the rights of citizens to life and equality. The rights of the people to freedom and democracy have been guaranteed and developed. The structure and policies of the legal system have been consolidated and refined for the sake of socioeconomic development, the people's rights, the restoration of social order and discipline, and the development of democracy and social democratization.

In our perception, human rights are rights protected by the law, which citizens are entitled to exercise and to enjoy. Since its birth after the August Revolution in 1945, our state has resolutely affirmed the respect for and protection of human rights, and this has been reflected through the establishment of the constitution and the legal system. The establishment of a constitution and a legal system that serve the interests of laboring people and protect human rights have been clearly and uniformly highlighted in the constitutions of 1946 and 1992. The 1992 Constitution is the latest constitution that reflects major socioeconomic changes in the era of renovation. Article 50 of the 1992 Constitution solemnly asserts: "In the Socialist Republic of Vietnam, the political, civil, economic, cultural, and social rights of citizens are respected and protected." Regulations on the right of movement and residence in the country, the rights to travel abroad and to return home, freedom of business activity, the rights to own property and to have long-term use of land, the right to transfer land use right, and so forth are among the new rights stipulated by the laws on citizens' rights and responsibilities.

In the arena of international cooperation in human rights, from 1976, when Vietnam became an official member of the United Nations, our government has participated as a signatory of human rights international conventions that aim to protect and develop essential human rights to freedom, on the foundation of the principles of the United Nations Charter and international laws.

Our state always respects and protects human rights. That is an important guarantee for the protection of human rights. On the other hand, human rights also involve the people in the management of social and state affairs. People have the basic rights to be masters of their own fates and affairs and to pursue interests for their own benefit as well as for the sake of the effective management of social and state affairs, and the development of a democratic system. The party and state always organize and create condition for the people to fully exercise all the rights for citizens that are suitable to our historic circumstances and level of socioeconomic development.

We cannot boast that what we have done and are doing is perfect. We realize that there are shortcomings and things remain to be fulfilled in the struggle for ideal human rights. We clearly recognize, however, that our party, state, and people have made immeasurable efforts in rectifying difficulties and shortcomings on the way to achieving the noble objectives of a prosperous people, a strong country, and an equitable and an advanced society in which people happily enjoy independence and freedom. That is Vietnam's path for the implementation of human rights, and also the correct path that we have always followed in the fight for human rights.

Australia

Minister Protests French Nuclear Test

MS0709102195 London BBC Television Network in English 1800 GMT 6 Sep 95

[Interview with Gordon Bilney, Minister for Pacific Island Affairs, by Jon Snow in London on 6 September — recorded; from the "Channel Four" newscast]

[FBIS Transcribed Text] [Snow] Now that the first test has taken place, there's not much more that you can do?

[Bilney] I think there's a great deal more we can do. To start with, we're running a resolution in the United Nations General Assembly which will call for an indefinite extension of the moratorium on testing. We won't name a country but it obviously applies to France equally with China whose testing we condemn equally with that of France. But I think that the pressure on France is rising for other reasons. A number of countries of, for example when the European Foreign Ministers meet tomorrow it will I think be a subject of great discussion there, when the Commonwealth Heads of Government meet in Auckland in a month or so's time, I think that will raise the pressure as well. I don't think France will be immune to that.

[Snow] Well let's look at the Commonwealth, because here at last is a situation which completely unites all Commonwealth members in the Pacific. Are you getting any joy from the British?

[Bilney] I'll be talking to Mr Davis, who's number two at the Foreign Office, and I shall be attempting to say to him that we believe it's the action of a friend, and Britain of course is a powerful friend of France, to speak up when that course which that friend is following is clearly wrong, as we believe this is.

[Snow] There's been a good deal of opportunity for the speaking up to occur, and as far as we know in this end of the world, there hasn't been much?

[Bilney] That's quite true, not even as much as there has been from Germany, and when I was in Germany a couple of days ago, while Chancellor Kohl has not been overt in exactly condemning the tests, it's quite certain that he has spoken as a friend of France in urging it to cease and desist. We believe that if that same course were followed by Britain it could be quite influential.

[Snow] Now if the British don't come aboard on this, and I have to say from this end, it looks very unlikely that they will, given that the Commonwealth Prime Ministers conference is going to be in the Pacific, in Auckland, are the British in for a rough ride on this?

[Bilney] Indubitably they will be in a minority of one; and indubitably I think that means that Mr. Major would need to gird his loins for a good deal of criticism if he's not at least on board to some extent. I mean, after all, the real damage that these tests are doing is to the cause of disarmament, its to the cause of nuclear non-proliferation and these are interests which Britain very much as a nuclear weapons' state shares. When one looks at the message that this test sends to threshold states, those which can develop nuclear weapons, pretty clearly Britain doesn't want a number of those countries to go ahead with those plans, nor do we, nor does the rest of the world, nor does the Commonwealth, and I think it behooves countries like Britain to stand up and be counted.

[Snow] But are you actually going, for example, for a boycott of French goods in the north in Europe?

[Bilney] No we're not, no we're not, and I don't know that any government is in fact advocating a boycott. For our part...

[Snow, interrupting] You've been doing some boycotting?

[Bilney] Oh no, we have not.

[Snow] Well you have stopped them on a defense contract?

[Bilney] We've confined our protests to the defense sphere and the diplomatic sphere. It's not properly a boycott. But you can't prevent ordinary citizens going out and voting with their wallets, and I think that's happening to a considerable extent, not being encouraged by governments, but just yesterday I saw for example that sales of French wine in Germany are down 30 percent, and I can just imagine what exporters of French wine are ringing the Elysee and saying to President Chirac (?chef de Cabernet)

Keating 'Deplores' Tahiti Violence, Blames France

LD0709085595 Melbourne Radio Australia in English 0800 GMT 7 Sep 95

[FBIS Transcribed Text] The Australian Government has expressed serious concern at the violence in Papeete and is urging French authorities and protesters to exercise restraint. A spokesman for the prime minister says Mr. Keating deplores violence, but the blame rests squarely with the French Government and President Chirac. The spokesman says the rioting is yet more evidence of the damage to France's standing in the South Pacific.

Foreign Affairs Minister Gareth Evans says the violence in Papeete detracts from the central message — that nuclear testing is indefensible. Senator Evans says it cannot be denied that France has reaped a harvest of violence from what it has sown. The foreign minister added that the protest action would never have occurred if the French Government had not resumed nuclear testing.

Minister Criticizes British Reaction to Tests

LD0709095695 Melbourne Radio Australia in English 0830 GMT 7 Sep 95

[FBIS Transcribed Text] In Britain a delegation of Australian MPs has expressed great disappointment with the British Government over its failure to condemn the French nuclear tests. The Conservative government of John Major was even criticized for its position by the two conservative members of the Australian delegation, the shadow foreign affairs minister, Alexander Downer, and the National Party's Ian Sinclair. But heading the charge against the British Government's quiet acceptance of the nuclear tests was the delegation leader, Gordon Bilney [Minister for Pacific Island Affairs], though Mr. Bilney told Michael Dodd in London that there was one hopeful sign on the British political scene, which was the attitude of the British Labour Party.

[Begin recording] [Bilney] Today we were most encouraged by the fact that the leader of the opposition in Britain, Mr. Tony Blair, has come out and condemned the British Government for not taking a stance against French tests. Now, it is important that oppositions raise these questions because they become matters of public debate and the government has to respond to them.

Now, I regard that as a very positive development and certainly Mr. Major, as prime minister of Britain, is going to come in for a lot of criticism at the Commonwealth Heads of Government Meeting which is happening in Auckland fairly soon, if he has not by that stage fallen in with the unanimous view of the rest of the Commonwealth countries.

That issue of nuclear testing, French nuclear testing, is bound to be a big issue at the Commonwealth Heads of Government Meeting taking place in Auckland, as it is in New Zealand. And I would think that there will be a lot of pressure on the British Government to come out against France on this and this very bad decision by France.

[Dodd] Do you take it as a slap in the face to your delegation that you were only able to talk to a junior foreign minister here in Britain?

[Bilney] We do know, of course, that the foreign secretary is out of the country and we did see the responsible, the next person down as it were. I must say, though, that he played a very straight bat when we talked to him. We made a number of what we thought were quite constructive suggestions. When he said, for example, that France needed to have these tests in order to get computer simulation technology so as to keep its arsenal of weapons up to date, we pointed out that Britain has this technology, that the United States has this technology, and might it not be a better way for them to work with France, to give France the technology it needs and not to have the tests. It would save everyone a great deal of angst and relieve the distress that this decision is causing around the world.

[Dodd] And what was the response to that suggestion?

[Bilney] The response was a very polite undertaking to think about it.

[Dodd] Well, you said there that you felt as if you were barking up against a brick wall in dealing with the British Government. Is that really an indication that Britain's ties with Europe these days are much stronger than their ties with Commonwealth countries like Australia?

[Bilney] Well, when you look at Britain's ties with Europe the fact is that almost all the countries in Europe disagree violently, or quietly, with the French decision. So I think that Britain is in a minority in not coming out against this decision, even in Europe.

[Dodd] So why do you think that Britain is taking this line?

[Bilney] To be quite honest, I am at a loss to know. Obviously there are ties of history between the two countries, they're very important partners in Europe. Obviously they're both nuclear weapons states and therefore have a certain understanding of each other's positions which perhaps the rest of us, the [word indistinct] nonnuclear weapons states, do not have. So I really am at a loss. [end recording]

Trade Unions Criticize UK on Test Response

LD0709102595 Melbourne Radio Australia in English 0900 GMT 7 Sep 95

[FBIS Transcribed Text] The Australian Council of Trade Unions [ACTU] has strongly criticized the British Government, accusing it of not being aggressive enough in protesting against the resumption of nuclear testing in the Pacific. President of the ACTU Martin Ferguson says the British have disgraced themselves in not joining with Australia in a strong campaign against French nuclear testing.

[Begin Ferguson recording] I think we've got to do everything possible to make sure that we maximize pressure through the United Nations. And I was dismayed to listen to our own minister this morning, Gordon Bilney, from London, to hear for example that the British Government was not prepared to stand with the Australian and New Zealand Governments. And after all we're all part of the Commonwealth of Nations, and are trying to do the best we can to protect the Pacific. [end recording]

Vietnam Eyeing Canberra's Business Investments

BK0709005895 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 25 Aug 95 p 27

[Report by Paul Cleary]

[FBIS Transcribed Text] When Australian trade officials in Hanoi proposed a meeting to follow up the recent visit to Australia by Communist Party general secretary Mr Do Muoi, the business and political delegation—which reads like a Who's Who list—came up with a better idea. They decided instead to throw a party, replete with a traditional performance.

The general secretary's visit earlier this month presented the opportunity to show about 35 top political and business decision-makers what Australia had to offer, not to mention the sharing in a good deal of bilateral effervescence.

Australian business paid for this privilege, however, with BHP [expansion unknown], Telstra and ANZ Bank joining forces to sponsor the cost of the business delegation's stay in Australia.

But the visit and the party afterwards reflect the way Vietnam often gets caught up in the headiness of its transformation.

The practical realities can be so daunting that it is easier to put them off for another day.

The seven-day tour was a copy of visits earlier this year to South Korea and Japan, in which the party chief takes the country's business and political elite to see the best the developed world has to offer.

Whether it be an aluminium smelter or a dairy farm, these delegations are looking for what they can take back to Vietnam.

When the delegation visited the Great Barrier Reef to look at tourism, Mr Muoi thought the Australian-built ferries operating along the coast would be ideal for Vietnam's spectacular Ha Long Bay.

When they visited BHP's headquarters in Melbourne, Mr Muoi said he wanted Australian interests to develop a steelworks in Vietnam. And when the delegation visited the Gladstone aluminium smelter it did so because Vietnam is developing a 21st century plan for a multi-billion-dollar hydro-powered aluminium smelting complex, and the country wants Australia to be part of this.

In describing all the possibilities for bilateral cooperation, Mr Muoi at one point said: "In short we are very poor and we want to do everything".

It is revealing that a key focus of the trip was to look closely at Australia's primary industries—chiefly dairy, livestock and sugar cane—perhaps reflecting a fifties view of Australia. Mr Muoi described the delegation's inspection of these industries as "one of the main purposes of the visit to Australia".

Once again, the party chief and his delegation were looking at what could be grafted onto Vietnam's rural sector. More than 50 per cent of Vietnam's children were malnourished, he said, and so the fostering of dairy and animal husbandry were good ways of supplementing their diets.

But this still leaves the question of how Vietnam pays for its shopping list.

Some Australian companies have produced clever financing packages that give them an edge in Vietnam.

Telstra, Australia's first investor, came up with a novel revenue sharing deal that has given Vietnam a $US200 million ($270 million) international telecom system that pays for itself.

Telstra convinced telecom authorities that Vietnam would earn sufficient revenue from incoming calls—80 per cent of the traffic —to pay for a world-class phone system.

Telstra earns a 25 per cent revenue share in a sector that has seen turnover double nearly every year since 1986. Earnings estimates revealed recently by THE AUSTRALIAN FINANCIAL REVIEW show Telstra's exponential investment return, from about $US2 million in 1990 to $US70 million this year.

But the story of NSW [New South Wales]-based Sydney Electricity shows the potential and pitfalls of these leading-edge deals. It is now negotiating with the Hanoi authorities to begin a $US20 million joint venture with Danang's power company, which will overhaul the local distribution system on a commercial basis.

The head of the international business branch, Mr Jim Clay, says the authority has found a way to earn a commercial return from the venture even though the tariffs set by the National Assembly are low by world standards.

Mr Clay says competitors cannot work out how Sydney can earn a decent return from the deal. He will only say that Sydney has "come to an arrangement in the contract" which is "fairly clever".

If Sydney is successful in Danang, it could finish up with major contracts in Hanoi and Ho Chi Minh City, with both authorities having expressed interest.

But after more than two years of legwork, the company is still negotiating with Hanoi authorities, and is now fearful that its original contract will not be honoured, according to Mr Clay. The company has been told it should move to another area in Danang, despite having completed a feasibility study under the original contract.

The difficulty of having the Government and local partners honour contracts was raised by a number of major companies including Sydney Electricity, at a meeting in Canberra last week with the Minister for Trade, Senator McMullan.

The meeting was held in preparation for a major business mission to Vietnam early next month under the Joint Trade and Economic Co-operation Committee forum.

This uncertainty was also reinforced last week when Wesfarmers Ltd announced it would not proceed with its $US10 million LPG [liquified petroleum gas] distribution project because the Government had imposed higher than expected tax rates and import duties, while it issued other licences in the industry, contrary to undertakings made to Wesfarmers.

This also follows the decision by Portman Mining to scrap its project for similar reasons. The message from Wesfarmers was that Vietnam is not ready, with managing director Mr Michael Chaney saying "there's potential there in a few years' time".

And that's why, despite the bilateral bonding that has made Australia a favoured development partner in Vietnam, these so-called "country risk" issues are a sobering reminder of what is involved in Vietnam paying for its shopping list.

French Polynesia

French Envoy Urges Calm; Protesters Riot

BK0709062995 Hong Kong AFP in English
0623 GMT 7 Sep 95

[FBIS Transcribed Text] Papeete, Sept 6 (AFP) — Rioters who left Tahiti-Faaa airport a smouldering wreck on Wednesday later ran amok in central Papeete, witnesses said.

Around 100 people set fire to a perfume shop in the Tarahoi square in the centre of the Tahitian capital. They smashed the windows of other shops and hurled rocks at the French Polynesia government building. Demonstrators started gathering outside the French high commissioner's office and the territorial government building after around 12 hours of clashes at the airport.

The protesters went back to Papeete after around 12 hours of clashes which left the airport terminal a smouldering wreck.

The disturbances erupted one day after France carried out a nuclear test at Mururoa Atoll in French Polynesia.

Foreign legion and parachute regiment reinforcements were brought to Papeete from Mururoa, but the government said this was mainly to protect military installations.

At the airport, hundreds of demonstrators tried to board a French jet waiting to take off, then blocked a runway and set fire to the airport terminal. Riot police fired back tear gas in hours of running battles.

At least our police were injured and four demonstrators were injured and taken to hospital. One demonstrator had his hand blown off by a tear gas grenade.

Faaa airport was closed after the main terminal was wrecked by fire and a mechanical digger driven through a wall of the building by one demonstrator.

Oscar Temaru, head of Tahiti's pro-independence movement, said the clashes were a sign that "a whole people has risen to demonstrate against the first nuclear explosion."

Violence started after demonstrators taking part in a rally to back a general strike called by the Atia I Mua union went to the airport.

Demonstrators blocked an Air Outremer flight that was to leave for Paris via Los Angeles by putting containers in front, rocks in its engine turbines and puncturing its tyres, officials said.

Passengers were taken off and evacuated but the terminal then became the main target of the demonstrators anger. Fires were started at the border police, customs and Air Tahiti counters. Other fires were set at a cafe in the terminal and the airport's freight building.

One demonstrator then rampaged through the building with the digger. Damage to the terminal was estimated at more than 55 million French francs (9. 6 million dollars).

Around 40 cars parked at the airport were also burned by demonstrators.

After several charges, riot police forced the demonstrators off the runway and out of the airport but the battles continued on roads outside where a post office was also burned down.

French high commissioner Paul Ronciere called for calm in a radio broadcoast.

"I am making an appeal to say that it is essential that we find reason and calm returns. It is not possible that in a territory of this size we arrive at such unthinkable acts of violence.

"This is not innocent. At the start it may have been the expression of a general strike, but other groups have joined with clear intention of breaking and destroying," Ronciere said on RFO radio. He made no link to the nuclear tests.

Many union leaders condemned the nuclear blast at demonstrations across Papeete.

Temaru, head of the pro-independence Tavini Huiraatira party, said the demonstrators were expressing their feeling of "humiliation, frustration and anger."

"Despite all the non-violent demonstrations over many weeks, the appeals of the people of the Pacific and the whole world, President Jacques Chirac decided to go ahead with this explosion," he said.

Papeete Airport Almost 'Destroyed'

LD0709075695 Paris France-Inter Radio Network in French 0700 GMT 7 Sep 95

[FBIS Translated Excerpt] The shock wave has turned into a flare-up of violence: little more than 24 hours after the resumption of French nuclear testing in the South Pacific, the anger of antinuclear activists has led to violence in Polynesia. For nearly 12 hours now there have been riots in Tahiti. Several thousand separatist activists have clashed with police at Papeete airport; 13 people have been injured. The demonstrators set fire to the airport, which has been almost totally destroyed. Two hours ago the riots spread to the center of town. The demonstrators have erected barricades and are reported to have set several official buildings on fire. Our special correspondent, Nicolas Poincare, reports from there, where it is 2100 hours:

[Poincare] [passage omitted] The police control only the government and police station district, the rest of the town is at the hands of young looters and vandals.

The most serious damage was sustained by the airport today. It has been almost completely burned down and destroyed. A spectacular fire is still raging in the freight area.

For more than 10 hours police officers, who were not numerous enough to protect the airport, were harassed by young demonstrators who shouted their anger against the French nuclear test.

Early this evening, the police received the help of some 40 foreign legion troops flown in from Mururoa on a Transall aircraft.

Tahiti, Nicolas Poincare, France Inter.

France Evacuating High Commission

LD0709083095 Wellington Radio New Zealand International in English 0700 GMT 7 Sep 95

[FBIS Transcribed Excerpt] In Tahiti, demonstrators clashed with riot police and set fire to Papeete airport today. [passage omitted]

The airport was closed and civilian planes moved to Papeete military base, which was surrounded by parachute regiment soldiers. [passage omitted]

Later reports from Papeete say a group of Foreign Legionnaires are being flown in to help restore law and order and shops and businesses in the capital closed early.

Oscar Temaru, head of Tahiti's pro-independence movement, says the clashes are a sign that a whole people has risen to demonstrate against the first nuclear explosion. He says the demonstrators are expressing their feeling of humiliation, frustration, and anger. Mr. Temaru said despite all the nonviolent demonstrations over many weeks, and the appeals of the people of the Pacific and the whole world, President Jacques Chirac decided to go ahead with this explosion. [passage omitted]

A splinter group from the airport protest appears to have attacked the residence and offices of the French high commissioner. [passage omitted]

Our reporter in the city Don Rue is there:

[Begin Rue recording] In the last few minutes there has been yelling and jeering coming from downtown Papeete; we've heard explosions and dull thuds. This is the firing of tear gas and blast grenades. [end recording]

Don Rue says the French are preparing to evacuate the high commission building.

Order Restored in Papeete; More Forces Expected

LD0709103395 Paris LCI Television in French 1000 GMT 7 Sep 95

[FBIS Translated Text] News just in — order seems to have been restored in the center of Papeete at 2330 local time. The high commissioner for the republic says that a total of 17 fires have destroyed shops. He believes that there were 800 demonstrators.

We have also just heard that more security forces are going to be sent from mainland France.

Technician's Strike May Delay Further Tests

LD0709084495 Wellington Radio New Zealand International in English 0700 GMT 7 Sep 95

[FBIS Transcribed Text] Technicians and mechanics at France's Mururoa Atoll nuclear testing site are on strike and it could delay the rest of France's nuclear tests at the atoll. The A Tia I Mua union, which represents around 200 Polynesian workers at the atoll, also organized protests at Tahiti's international airport. Union spokeswoman Annika Reli says they have a number of issues they want resolved and they will remain on strike until the government agrees to negotiate with them.

[Begin Reli recording] We ask for having access to papers concerning the health of the workers and we ask to know what effect have tests. [end recording]

Reli says the protest at Tahiti Airport has been hijacked by those opposed to nuclear testing, as the union was there protesting about work conditions.

Independence Leader Says Rioting Not Helping

LD0709112395 Melbourne Radio Australia in English 0830 GMT 7 Sep 95

[FBIS Transcribed Text] The leader of the French Polynesian Independence Movement says the rioting is doing the independence cause no good. Oscar Temaru, mayor of Papeete and leader of the largest pro-independence group in French Polynesia, says the main focus of anger remains the issue of nuclear testing. But he is not defending the violence. Mr. Temaru told Jonathan Harley today's riots were not planned.

[Begin recording] [Temaru] Oh well, it was spontaneous, you know. That's the anger of the population of this country. Despite all the demonstrations organized by the people, the church people went down to the street to demonstrate against this decision and also, despite the appeal from the whole world to the French president to stop this madness, yesterday the French Government decided to blow the first one. You know, the violence has started from this decision by the French president.

[Harley] So, because of that spontaneity you wouldn't be able to say what will happen tonight?

[Temaru] No, no, no [words indistinct] the anger of the population is not going to be under control any more.

[Harley] Has the antinuclear struggle now been overshadowed by the struggle for an independent French Polynesia?

[Temaru] No, no, no, the majority of the people of this country is against the resumption of nuclear testing in this country, so that's the main reason [words indistinct].

[Harley] ...the people involved with the riot are not calling for independence, but calling simply for the end of tests?

[Temaru] It's a whole mixture, you know. It's a whole mess-up. It's very hard to analyze now the situation.

[Harley] Was the French nuclear test the trigger to raise the profile of the struggle for independence?

[Temaru] Yes, for sure.

[Harley] And where do you feel the struggle for independence will go from here?

[Temaru] Well, I just don't know. I cannot tell you what will happen in the future, you know. Nobody can control the situation now.

[Harley] Do you believe these riots are positive for the cause of independence for French Polynesia?

[Temaru] I don't think so.

[Harley] You think the riots work against the interests of independence?

[Temaru] Oh well, we don't need these to promote the idea for independence. You know, the majority of the people of this country is strictly opposed to the resumption of nuclear testing. That's it. And the French do not care about all that.

[Harley] However, are you confident that the majority of people are also in favor of independence from France?

[Temaru] Well, we have to go through general elections some time next year, and we will see what will be the result.

[Harley] And as for tonight — what are your predictions for tonight and tomorrow?

[Temaru] I just don't know, I just don't know. [end recording]

New Zealand

French Envoy Summoned Over Nuclear Test

BK0609025395 Hong Kong AFP in English 0237 GMT 6 Sep 95

[Report by Michael Field]

[FBIS Transcribed Excerpt] Wellington, Sept 6 (AFP) — New Zealand Wednesday recalled its ambassador to France to protest the resumption of French nuclear tests at Mururoa Atoll.

Prime Minister Jim Bolger also summoned French Ambassador Jacques le Blanc to his office for a 25 minute meeting at which he expressed New Zealand's outrage and anger over the test, the first in a series planned by Paris.

Afterwards Bolger told reporters that he had been "totally and utterly unconvinced" by Le Blanc's explanations of his government's position on nuclear tests.

"There's no logic," said Bolger. If France favoured a total ban on nuclear tests, as it claimed, there was no point in continuing with the testing programme. Bolger said he told le Blanc that New Zealand would immediately recall its ambassador in Paris, Chris Beeby, for consultations.

"We wanted to convey the strongest possible message," Bolger said.

"I made it very, very clear that New Zealand was outraged, frustrated and angry that the government of France had by their decision dismissed the outrage and condemnation of the world, not only the South Pacific, with their testing."

He said New Zealand would not be expelling Le Blanc as it wanted to maintain diplomatic channels of commmunication with Paris.

It was up to France whether it chose to recall Le Blanc in retaliation for Beeby's recall.

Le Blanc declined comment. [passage omitted]

Environmental group Greenpeace vowed to step up protest action and immediately set up a protest outside the French Embassy in Wellington.

Activists gathered outside the embassy calling on the public to join them.

Greenpeace campaign manager Michael Szabo said in a statement the resumption of testing was "a defiant and criminal act of nuclear proliferation....

"Not only will the environmental consequences of Chirac's action last for thousands of years, it also will cast a shadow of nuclear fear over this and future generations," he said.

The bomb blast was "an obscene outrage" and Greenpeace would step up peaceful protest against the French Government.

Bolger Not To Expel Envoy

BK0709063295 Melbourne Radio Australia in English 0500 GMT 7 Sep 95

[FBIS Transcribed Text] New Zealand's prime minister, Jim Bolger, says he won't be expelling the French ambassador over the nuclear testing issue. Mr. Bolger says there is only a certain amount New Zealand can do to express opposition to the tests but sending the ambassador home would not advance New Zealand's cause.

In another development, Mr. Bolger has written to the World Court asking that his country's case against the French nuclear tests be heard soon. Mr. Bolger expressed frustration that France appeared unmoved by the wave of international protests over its actions. Describing the apparent French intention to tests, come what may, as irrational. The prime minister also said he'd asked the president of the World Court to use his power to call on France to refrain from any further testing before judgment in the case is delivered.

Envoy in Paris Recalled After French Test

BK0609010195 Hong Kong AFP in English 2338 GMT 5 Sep 95

[FBIS Transcribed Text] Wellington, Sept 5 (AFP) — New Zealand on Wednesday recalled its ambassador in Paris because of France's nuclear test in the South Pacific, Prime Minister Jim Bolger announced.

The prime minister also said in a statement the French ambassador to New Zealand, Jacques Le Blanc, was to go to Bolger's office to hear a New Zealand protest.

The blast at Mururoa Atoll in French Polynesia, estimated at eight kilotons by New Zealand scientists, brought all-party condemnation in the country.

Opposition Labour Party leader Helen Clark said: "The people of the Pacific will be particularly outraged.

The people of the Pacific had used almost every conceivable means in recent weeks to express their opposition to the tests, but France showed contempt for their concerns.

"France... has failed to listen and has pursued its arrogant course. Today's test is the low point of France's arrogance over nuclear testing," she said.

The leader of the small Alliance Party, Jim Anderton, condemned the test as "immoral" and called for a strong reaction from the New Zealand Government.

New Zealand seismologists recorded the explosion at Mururoa Atoll and estimated it had a yield of eight kilotons, the equivalent to an earthquake measuring 4.9 on the Richter scale.

A spokesman for the Institute of Geological and Nuclear Sciences said the blast was monitored at their testing station in Rarotonga, Cook Islands.

The New Zealand navy ship Tui off Mururoa recorded an underwater noise that it said was definitely a nuclear explosion, which lasted about 30 seconds and was followed by a second explosion of a similar size around 37 minutes later.

Tui captain Lieutenant Commander John Campbell said the vessels's hydrophone was recording more traces and about 2230 GMT there had been four explosions in total.

The French plans to stage a series of new tests at Mururoa have caused widespread anger among Pacific nations.

Bolger: France Should Examine Cause of Riots

LD0709113195 Wellington Radio New Zealand International in English 0700 GMT 7 Sep 95

[FBIS Transcribed Text] New Zealand Prime Minister Jim Bolger says France should examine the reasons for an outbreak of rioting in Tahiti. Mr. Bolger says the riots are a frightening expression of frustration and anger and says that France's decision to go ahead with the testing against the wishes of the Pacific will energize the Polynesian Independence Movement. Mr. Bolger says he doesn't condone or support the riots but thinks France should look closely at why the riots broke out.

Vanuatu

UMP Dissidents Form Independence Front

BK0209101395 Melbourne Radio Australia in English 0500 GMT 2 Sep 95

[FBIS Transcribed Text] Dissidents from Vanuatu's ruling Union of Moderate Parties, the UMP, have formed the splinter Independence Front and planned to field seven candidates in November's general elections. The front interim chairman, Patrick Crowby, former vice president of the UMP, quit the party's executive council earlier this year following disagreements over the selection of candidates for the coming poll. He said several younger members had wanted to stand for elections in November but had been turned down by the UMP. He says they will now run as independents under the theme reconciliation and work for a better Vanuatu. He made the comments at the opening of the front's new headquarters in the capital, Port Vila.

Western Samoa

Prime Minister Says Nuclear Test 'Deplorable'

BK0609055495 Hong Kong AFP in English 0518 GMT 6 Sep 95

[FBIS Transcribed Text] Apia, Sept 5 (AFP) — Western Samoa Prime Minister Tofilau Eti Alesana Tuesday condemned the resumption of French nuclear testing, calling it "deplorable".

In a statement he said the test was "an illustration of the French government's total disregard and disrespect for world public opinion especially those of the Pacific region.

"Regardless of the French government's announced support for a comprehensive test ban treaty, I find today's blast in the wake of worldwide calls for an end to French nuclear testing in Muroroa deplorable and condemn this disregard in the strongest possible terms.

Prime Minister Evacuated for Medical Treatment

BK0609094995 Hong Kong AFP in English 0933 GMT 6 Sep 95

[FBIS Transcribed Text] Apia, Sept 5 (AFP)—Western Samoan Prime Minister Tofilau Eti Alesana was Tuesday night being flown on a special flight to New Zealand for emergency medical treatment.

Witnesses at Faleolo airport said a barely conscious 74-year-old Alesana was stretchered onto a Royal New Zealand Air Force Boeing 727 that Monday brought New Zealand Foreign Minister Don McKinnon here.

New Zealand officials say Tofilau will be transferred to Auckland's Greenlane Hospital on arrival in Auckland later Wednesday.

Tofilau, who has had major heart surgery as well as treatment to his eyes and legs, is understood to be suffering internal bleeding.

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